Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Peso40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM9.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

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D 8523A

YUGOSLAVIA
What role does the EC have to play?
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World News | **Business Summary**

Japan's loan scandal widens with new arrest

The Y342bn ($2.5bn) fraudulent loan scandal involving the *Tokyo Shinkin Bank* widened when Osaka prosecutors arrested the branch manager of a local consumer credit company who is accused of mishandling financial instruments used for collateral.

The arrest raises the possibility of an even bigger and more complex fraud than was initially revealed. Page 12

Rubin holdings frozen

Two New York businessmen have obtained court orders freezing all the Swiss holdings of David Rubin, the London *businessman who disappeared* last month owing investors an estimated £60m. Page 12

Singapore election

Singapore prime minister Goh Chok Tong called for a general election to be held on August 31, more than two years earlier than required. *Victory for* Goh's People's Action party is virtually assured. In 1988 it won 80 of the 81 parliamentary seats. Page 4

Students riot

Hundreds of South Korean students hurled petrol bombs and rocks at riot police in Seoul *in protest at the government's* refusal to allow a cross-border march in support of reunification of the two Koreas. Picture, Page 4

Refugees to stay

Italy is to allow 500 Albanian refugees in the south-eastern port of Bari to stay in the country. Almost 17,000 who arrived in Bari last week have been repatriated.

Bus passengers killed

Twenty-one people died when a bus fell down a 2,000ft ravine in India's northern Jammu and Kashmir state.

60 murders claimed

A 34-year-old man charged with killing a girl of 10 has told authorities in Mississippi that he murdered more than 60 people over 10 years. If Donald Leroy Evans's claim is confirmed, he will be the most deadly serial killer in US history.

Refugee talks off

Hanoi has postponed indefinitely talks on setting up internationally-run camps in Vietnam for boat people crammed *into detention centres in Hong* Kong. Vietnamese prime minister Vo Van Kiet said he was unhappy that the boat people would be forced to depend on foreign aid.

Plea to Kohl

German chancellor Helmut Kohl was urged by the opposi*tion Social Democratic party* not to attend the reburial of Frederick the Great of Prussia in Potsdam because it could stoke fears that German militarism was on the rise. The king's body was moved to West Germany at the end of the Second World War.

Soldiers kidnapped

Armenian militants have seized 33 Soviet soldiers in the Madakert district of Nagorno-Karabakh and are offering to exchange them for a captured Armenian leader.

Women hurt

Three women were injured by *gunmen in County Armagh* who ambushed a bus taking them to visit Republican prisoners at Northern Ireland's top-security Maze prison.

S African peace talks

The South African government began talks with the African National Congress and Inkatha *in an attempt* to end political violence. Page 4

Wine output cut

French wine output is expected to be only 45m hectolitres, compared with 65.5m in 1990, because of an April frost.

Inflation outlook in US still optimistic

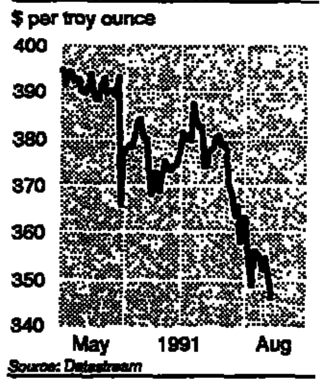
US consumer prices rose 0.2 per cent in July, providing further confirmation of a recent improvement in the US inflation outlook. The year-on-year *increase fell to 4.4 per cent*, compared with 4.6 per cent in June and 5.4 per cent six months ago.

The annualised rate of inflation in the first seven months of the year was 2.7 per cent, *suggesting the year-on-year* figure will continue to fall.

GOLDMAN SACHS, US broking house, declared stakes worth £143m ($241.7m) in Maxwell Communication and Mirror Group Newspapers, the bulk of which was held as collateral for loans to an *unnamed broking client*, later identified as Mr Robert Maxwell. Page 13; Lex, Page 12

PLATINUM: The price of the precious metal, used primarily *in automotive catalysts and* jewellery, plunged again to close in London down $5 a troy ounce at $346. Again, the drop was triggered by Japanese investors cutting their losses on contracts to buy platinum for future delivery. Page 18

Platinum



Source: Datastream

GERMANY is likely to lose much of the DM23bn ($13.2bn) in trade-related debt that the Soviet Union and other former Eastern Bloc countries owe to the former East Germany, *the Bonn Finance Ministry* said. Page 12

VIRGIN Atlantic, Richard *Branson's UK airline*, announced cuts of up to 25 per cent for economy flights from London to New York and other US destinations. Page 12

INTERNATIONAL Monetary Fund: Congressional approval for a US contribution to the planned 50 per cent quota increase for the IMF is likely to be linked to tight conditions on the fund's relations with *the Soviet Union*. Page 6

HANSON, UK acquisitive conglomerate which has a 2.8 per *cent stake in Imperial Chemi*cal Industries, saw its taxable profits edge up for the nine months to June 30 from £939m to £967m ($1.63bn). Page 13; Lex, Page 12

FAIRFAX: The race to acquire the troubled newspaper group was thrown open after Australian Independent Newspapers, an all-Australian consortium, said it had the support of the country's two biggest financial institutions. Page 13

HOOGOVENS, Dutch steel and *aluminium group, reported* a 65 per cent fall in first-half net profits to Fl 55m ($28.2m) from Fl 155m in the same period last year. Page 14

ULTRAMAR: Weak oil prices caused large stock losses at the diversified UK oil and gas company, pushing it into a £21.6m ($36.5m) loss for the first six months of the year from a profit of £37.2m in the same period in 1990. Page 14; *Lex*, Page 12

ROLLINS Burdick Hunter, US insurance broker, is set to *expand its European* operations with the acquisition of Rotterdam-based Hudig-*Langeveldt Groep*. Page 13

Markets await result of Schlesinger's first meeting as president

Bundesbank to consider rate rise

By Andrew Fisher and Katharine Campbell in Frankfurt

GERMANY'S Bundesbank is at the centre of world financial attention today as it meets under Mr Helmut Schlesinger, *its new president, to decide on* a rise in official interest rates which could put them back to record post-war levels.

It is regarded as almost certain in financial markets that the central bank will put up *the discount rate, currently at* 6.5 per cent, by at least 1 point.

The *more important* Lombard emergency funding rate, now 9 per cent, is expected to rise by up to *half* a point. The last time official rates were so high was in May, 1980, when the discount rate was raised to 7.5 per cent and the Lombard to 9.5 per cent.

Then, Germany was also experiencing a rising current account deficit and the Bundesbank was concerned about inflation.

Mr Schlesinger and his colleagues have made clear their *concern over inflation*, now well over 4 per cent per year, and the high state spending caused by the need to prop up the east German economy.

The expectations built into today's meeting of the 17-member Bundesbank council are almost unprecedentedly high. The bank will hold a news conference after the meeting.

Mr Schlesinger has said inflation, partly influenced by higher indirect taxes to help pay for unity, has risen faster than he expected. He also said the discount rate was historically too low in relation to the Lombard rate, having been held down to help east German banks' refinancing.

The Bundesbank would probably have raised rates in July, but was anxious not to upset the Group of Seven industrial countries' meeting in London.

Some economists believe the rise in the Lombard rate might be less than half a point, leav*ing the Bundesbank scope for* further tightening if wage demands continued too high.

Mr Karl Thomas, a Bundesbank director, said last week it was concerned to preserve maximum flexibility in its money market operations for when call money rates edged near or over the Lombard rate. This has happened recently as dealers have anticipated today's expected rises.

Some dealers also think the Bundesbank may decide to restrict the use of the Lombard facility by limiting banks' use of this to 10 per cent of their *total refinancing allowance* with the central bank.

The D-Mark has strengthened considerably against the dollar since Mr Schlesinger first indicated at the end of July that concern over inflation could lead to higher interest rates. He said the Bundesbank wanted a strong D-Mark, though it had no specific exchange rate target.

E German economy, Page 12

London stocks surge to new high on recovery prospects

By Rachel Johnson and Daniel Green in London

THE London stock market yesterday ignored the Bundesbank's signal and surged to a new high on increased confidence of economic recovery.

Although a German mone*tary tightening could prolong* economic problems in Europe, financial markets were looking beyond today's likely move towards the next cuts in interest rates in the US and the UK and global economic recovery.

The FT-SE 100 index rose 23.9 to 2608.8. The narrower FT 30 index and wider FT-A All Share index also closed at record levels.

Currencies were mostly mired in summer inactivity, while the stock markets of the UK and the US rose in the *hope that economic recovery* might be underway.

An encouraging consumer prices index for July – rising by a modest monthly 0.2 per cent – helped the positive mood as it diminished the chances of a US rate rise.

The dollar is expected to rise towards DM1.75 tomorrow if the US *trade figures* are good, rather than falling if the D-Mark is shored up by a rise in German rates.

The buoyant start to share trading in New York helped the UK rise. Fund managers sought stocks in smaller companies, which tend to be more tied to the domestic economy.

Their boldness was reflected in heavy trading for the usually quiet month of August. The final volume figure was swollen by technical factors concerning a rights issue by retailer Burton.

The success of that issue was another factor behind the buying. Analysts described *Burton* as "a classic recovery stock".

Money rates in the UK dropped slightly below the base rate level of 11 per cent, reflecting the expectation that a tightening of conditions in Germany would not force Mr Norman Lamont, the UK chancellor, into following suit.

The next movement in UK rates is expected to be down, whatever the Bundesbank decides.

News on another 60,000 rise in unemployment is due today, while a reduction in the annual rate of inflation is expected tomorrow – with the retail prices index expected *to rise at 5.5 per cent in July* after 5.8 per cent in June.

London markets, Page 19

Jerusalem describes latest negotiations with UN as fruitful

Israelis agree to continue with talks

By Our Middle East Staff

AN ISRAELI delegation agreed yesterday to remain in Geneva after a second round of talks with Mr Javier Pérez de Cuéllar, the UN secretary-general. These are believed to have focused on Israel's demands for evidence of the fate of seven servicemen missing in Lebanon.

Israel has said it is prepared to release several hundred Lebanese Shia Moslems it is holding in exchange for the seven missing men. Islamic Jihad, which last week freed the British hostage Mr John McCarthy, indicated in a letter to Mr Pérez de Cuéllar that freedom *for the other 10 western hos*tages in Lebanon depended on the release of the Lebanese held by Israel.

Mr Uri Lubrani, the chief Israeli negotiator, described his talks with the UN chief yesterday as "fruitful". He said that his delegation hoped for good news soon on the missing servicemen, adding that he would stay in Geneva today although no further meetings were planned. "Patience and perseverance" would be needed to end the hostage crisis, he said, but the involvement of Mr Pérez de Cuéllar was "a very good omen".

Mr Ahmed Jibril who heads a *Palestinian guerrilla* faction, the Popular Front for the Liberation of Palestine (General Command) said in Damascus yesterday that three of the missing Israelis were alive, one was confirmed dead, and three were unaccounted for.

Israel is understood to have *demanded video films of the* surviving servicemen before it will consider making a deal. For the moment it has ruled out a goodwill gesture by releasing a few Lebanese Shia prisoners. Mr Pérez de Cuéllar said before meeting the Israeli delegation yesterday that a gesture from one side or the other *would be extremely* helpful.

Mr Jibril added that Hizbollah, the militant pro-Iranian group, or groups close to it, were holding the three surviving Israelis. He also said that nothing had ever been heard of three members of an Israeli *tank crew who went missing* in a battle with Syrian forces during the 1982 invasion of Lebanon.

Another Palestinian faction, the Democratic Front for the Liberation of Palestine, has acknowledged that it has the remains of an Israeli soldier.

The Palestinian leader *claimed that Israel was* attempting to block a hostage deal by again raising the issue of the three-man tank crew. "The question of those three was raised by the Israelis when we exchanged prisoners of war in 1985 and we told the Israelis that we do not know anything *about them and that they must* have been killed in the fighting."

Mr Jibril claimed that, as a result of those assurances, the Israelis abandoned their demand for the men or for any further information. "*I think* that the Israelis want to raise new obstacles in order to *counter the pressure imposed* by the international community to force them to free the hostages," he said, adding that the UN secretary-general should show as much concern for Palestinians *held* in *Israel* as he did for Lebanese Shias.

Tehran's biggest circulation *newspaper hit out yesterday at* the planned hostage deal describing it as premature, and a move planned to enhance US influence in the Middle East.

Reports from Beirut said Shia fundamentalists insisted no more hostages would be released until Israel gave something in return for the freeing *of two western hostages*.

Israel waits, Page 4

Chief Israeli negotiator, Uri Lubrani, said "patience and perseverance" would be needed to end the hostage crisis

BCCI rescued Pakistan from balance of payments crises

By Christina Lamb in Islamabad

THE COLLAPSED Bank of Credit and Commerce International (BCCI) on several occa*sions provided the Pakistani* government with finance to stave off balance of payments crises when no other sources of funds were available.

In return, the bank received favours such as government contracts for itself and important clients. The practice appears to have been typical of the way BCCI ingratiated itself with the establishment of many countries in which it operated.

The state bank governor and the head of BCCI Pakistan have confirmed in interviews *that BCCI has often stepped in* over the past 14 years to bolster the country's depleted foreign exchange reserves.

Mr Abdul Basir, head of BCCI Pakistan, said: "We helped the Pakistan government on a number of occasions with balance of payments. I know of at least three times *when we made short-term* loans of $100m."

Mr I. A. Hanfi, governor of the state bank, said: "This is normal business practice – a commercial deal that any bank might have done."

However, bankers in Karachi say BCCI has always come to Pakistan's rescue when no other bank would, particularly as the country's credit rating has worsened.

They link the bank's willingness to help to the close friendship of its Pakistani founder, Mr Agha Hasan Abedi, with Pakistan's most senior political figures including the late President Zia and current President Ghulam Ishaq Khan, who was finance secretary when BCCI was given its licence to operate.

*In return for helping Pakis*tan, Mr Basir says BCCI benefited with exclusive government contracts for financing rice and cotton exports. Former BCCI officials say the bank's ready assistance ensured its major customers were favoured in the award of government contracts.

According to Mr Basir, the last occasion balance of payments support was given was in 1988, before Mr Abedi became ill and effectively relinquished control of the bank.

BCCI made similar loans to other countries, particularly in Africa, according to those close to the bank, although not on the same scale as Pakistan. This earned it the gratitude of often hard-pressed governments, and ensured that BCCI received a share of local business.

Ordinarily, BCCI did not involve itself in balance of payments lending, preferring to act as a supplier of trade *finance and letters of cred*it – a safer form of lending.

According to a report by *Price Waterhouse*, BCCI *had* lent $349m to Third World countries with loan problems by the end of 1989. Most of this – $246m – was to Nigeria. Other large recipients of loans included the Philippines (*$30m*), *Zambia* (*$26m*) *and* Sudan ($20m), with smaller amounts to Iraq, Mexico, Cuba, Sierra Leone, Ivory Coast and Panama.

BCCI shutdown, Page 7

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Mexican president faces his first big test of popularity

Carlos Salinas de Gortari, Mexico's dynamic president, faces his first test of national popularity since his election in 1988, when Mexicans go to the polls on Sunday. **Page 10**

MARKETS

STERLING
New York lunchtime: $1.687
London:
$1.6875 (1.693)
DM2.9275 (2.93)
FFr9.955 (9.975)
SFr2.565 (2.565)
Y230.50 (231.0)
£ index 90.8 (same)

GOLD
New York: Comex Dec $363.6 (362.2)
London: $357.25 (356.75)

N SEA OIL (Argus)
Brent Sep
$19.425 (19.475)

Chief price changes yesterday: *Page 13*

DOLLAR
New York lunchtime:
DM1.73625
FFr5.9065
SFr1.5205
Y136.6
London:
DM1.735 (1.7305)
FFr5.9 (5.8925)
SFr1.5195 (1.5145)
Y136.55 (136.5)
$ index 66.4 (66.3)
Tokyo close: Y136.4

US lunchtime rates
Fed Funds: $5\frac{1}{2}$%
3-mo Treasury Bills: 5.441%
Long Bond: $100\frac{1}{4}$
yield: 8.097%

STOCK INDICES
FT-SE 100: 2,608.8 (+23.9)
FT Ordinary: 2,033.3 (+11.0)
FT-A All-Share: 1,248.95 (+0.9%)
New York lunchtime:
DJ Ind. Av. 3,016.55 (+7.83)
S&P Comp 391.28 (+1.66)
Tokyo: Nikkei 23,393.3 (+521.3)

LONDON MONEY
3-month Interbank: $10\frac{15}{16}$% ($10\frac{29}{32}$)
Liffe long gilt future: Sep $93\frac{1}{4}$ ($93\frac{7}{32}$)

EUROPEAN NEWS

Genscher says Yugoslav peace talks must start

By Judy Dempsey in London and David Gardner in Brussels

YUGOSLAVIA'S political leaders must start peace talks to resolve the country's crisis, Mr Hans-Dietrich Genscher, the German foreign minister, said yesterday.

Today is the deadline by which Yugoslav diplomats told last Friday's emergency session of the 35-member Conference on Security and Co-operation in Europe in Prague that they would call peace talks.

Western diplomats had hinted strongly at that meeting that they would not rule out calling an international peace conference, if Yugoslavia's leaders proved unable to implement a lasting ceasefire, and negotiate the future of the country's internal borders.

However, Yugoslav diplomats had firmly rejected any such international peace conference.Mr Genscher's warning coincided with further skirmishes between Serbs and Croats in Croatia, adding further pressure to the fragile ceasefire.

At least five people died following gun and mortar attacks late on Tuesday night in Croatia. More than 300 people have died since Slovenia and Croatia declared their independence on June 25. More than 200 have been killed in Croatia.

Mr Genscher, who is sympathetic to independence declarations by Slovenia and Croatia, yesterday said in a statement: "This time must not pass unused. The start of the peace process allows no further delay.... The people of Yugoslavia are waiting for these negotiations."

There were no clear signs yesterday that a conference was being prepared. Nevertheless, senior EC diplomats said that recent contacts with all parties to the conflict indicated that the Yugoslavia leaders were in fact working towards convening negotiations.

They added that the Community "much preferred an internal solution", and was being flexible about the deadline.

Meanwhile in Yugoslavia, the federal authorities yesterday announced that the special commission set up to implement and monitor the ceasefire, would send observers to Croatia later this week.

Mr Irfan Ajanovic, a spokesman for the commission, said objections by the Croatian authorities to its composition had now been overcome, thus clearing the way for sending about 80 observers. They would attempt to determine which side was guilty in breaching the ceasefire.

Mr Ajanovic also said that the state presidency and republican leaders would hold more talks in Belgrade on August 20-21.

Serbians flee across the Danube from their homes in Croatia

BIS reports big contraction in global banking

By Rachel Johnson, Economics Staff

BANKING activity worldwide slowed down sharply in the first quarter of the year as Japan put the brakes on its international banking business.

The latest survey from the Bank for International Settlements in Basle revealed an "unprecedented contraction" in total cross-border claims of $54bn in the first quarter. The figure, which includes local claims in foreign currencies, is the largest-ever absolute decline ever recorded and reawakened suggestions of a global credit crunch.

"The Japanese were very aggressive lenders in the 1980s and I suspect they have become more cautious about who they supply now," said Mr Ian Harwood, international economist at Warburg Securities.

The BIS – the central bank for other central banks – attributed the first decline in banking aggregates since 1984 primarily to the changing behaviour of Japanese banks. They were lending less in order to meet strict international guidelines dictating the minimum levels of capital, known as capital adequacy ratios.

Instead of the traditional "window-dressing" activities – expanding balance sheets as normal before the close of the financial year in mid-March – Japanese banks cut back interbank positions throughout the first quarter.

These cutbacks reflected both heightened attention to capital adequacy ratios and concern about counterparty risks, the BIS said. As a result, new final lending fell to $55bn in the first quarter from $85bn in the previous quarter.

The overall contraction was almost fully accounted for by the Japanese banking system, with interbank claims between Japan and other countries falling by $76bn. But activity was also depressed by the economic slowdown or recession in several of the reporting countries such as the US, Britain and France.

However, business grew strongly in other areas of the financial markets. A record amount of international bonds was issued – $91bn – with volumes particularly higher in the fixed-rate sector.

Large amounts of government-backed securities were issued, with the Ecu increasingly being selected as the denominating currency. Banks' outstanding claims denominated in Ecu rose by $15.7bn to $194bn over the reporting period.

Despite these increases, the BIS headline figure of $100m net international financing in the first quarter of 1991 showed that credit was less available in the banking system.

Iceland sees way out of Efta crisis

ICELAND'S Prime Minister, Mr David Oddsson, offered hope yesterday that the European Community (EC) and the European Free Trade Association (Efta) could rescue their stalled trade talks, Reuter reports from Reykjavik.

"There is a glimmer of hope ... but we have a long way to go still," Mr Oddsson said after meetings between the five Nordic prime ministers on Monday and Tuesday.

He based his judgment in particular on a meeting with Norway's Prime Minister, Mrs Gro Harlem Brundtland, although neither he nor Mrs Brundtland would discuss details.

Norway, Sweden, Finland and Iceland belong to Efta, which also includes Austria, Switzerland and associate Liechtenstein. Denmark is a member of the 12-nation EC.

Last month the EC-Efta talks to create a 19-nation free-trade zone were adjourned until September following deadlock on several issues.

One of the toughest problems is a demand by Iceland and Norway for duty-free access to EC fish markets. They have rejected an EC offer of limited access in return for permits for Community trawlers to fish in Efta waters.

Yilmaz seeks Cyprus meeting

Turkey's Prime Minister Mesut Yilmaz has suggested to his Greek counterpart that they meet to discuss Cyprus next month, ahead of a proposed international conference on the divided island, Reuter reports from Cyprus.

"In a letter sent on Monday to (Greek Prime Minister Constantine) Mitsotakis, Mr Yilmaz has suggested they meet during a September 11-13 Paris meeting of the European Democratic Union to discuss bilateral relations and reduce differences of opinion before the Cyprus talks," a senior foreign ministry official said yesterday.

"The Turkish Cypriots want to be assured of Greek-Cypriot intentions to establish a new and peaceful partnership in Cyprus," Mr Yilmaz said.

Cyprus has been divided into Turkish and Greek sectors since 1974 when Turkish troops occupied its northern third. The breakaway Turkish Republic of North Cyprus is recognised by Ankara alone.

Soviet Asia republics seek to bind economies

By John Lloyd in Moscow

THE LEADERS of the Soviet Union's five central Asian republics met yesterday in the Uzbek capital of Tashkent to agree to bind their economies more closely together in an effort to escape what they believe will be one of the harshest and leanest winters since the war.

The move comes amid continuing signs of economic malaise and disintegration of the union. It is, on a larger scale, indicative of a flurry of economic treaties being signed between the republics, struggling to build a rudimentary system of trade and exchange – often by barter – out of the ruins of the state-supply system.

Mr Nursultan Nazarbayev, president of Kazakhstan and among the most powerful of the Soviet Union's 15 republican presidents, said: "Economic ties are cut and there is no central power, no redistribution, so our people are suffering. That's why we have to think together and work out a strategy."

Mr Islam Karimov, the Uzbek president: "Each day the process grows worse, without pause. In the coming winter, I would say the country is threatened with hunger."

Mr Nazarbayev, in spite of his view that the centre was powerless, again urged republics to sign the union treaty on or after August 20. Mr Boris Yeltsin, the Russian president, said yesterday after meeting Russian deputies who urged him to delay signing the treaty until it had been discussed in its latest form, that the treaty "would confirm the independence of Russia."

Figures produced yesterday by the state statistical body Goskomstat showed that the drop in production in July was slowed but not halted. Overall production fell by 6.2 per cent in the first seven months of 1991 – the same fall as in the first six months.

Oil production was down 10 per cent, while coal production was 20 per cent down, metallurgy 12 per cent down and engineering products between 3 and 6 per cent down.

The Communist Party daily Pravda yesterday revealed what has been common knowledge in the Soviet Union for months – that medicines are "in catastrophically short supply."

It said that "not only are pharmacies empty, but hospitals lack even basic medicines for surgical operations. Doctors warn that unless medicine is received soon, many thousands of ill people will die.

A more vivid report in the radical Komsoloskaya Pravda provided evidence of what is happening now. It said that in poorly-supplied Eastern Siberia, at least two separate incidents had occured where townspeople had taken supplies straight off the trains.

In Chita, the regional capital, women emptied a tanker wagon of sunflower oil into jars and pans; while at the village of Priargunsk, the local people surrounded a tanker wagon of wine until the producer of the wine agreed to distribute it among them.

Portuguese textiles face a ragged future

Patrick Blum reports on plans for restructuring a fragmented, low-wage industry

PORTUGAL'S textile and clothing industry is in turmoil. As factories closed for their summer break, employers and trade unionists vied with predictions that many may not reopen their gates in September. The industry is the country's biggest exporter and employer.

In July, the Associacao Nacional dos Industriais Texteis, Algodoeiras e Fibras (Anitaf), a leading textile employers' association, threatened its members would stop social security payments and payments to state-owned banks and public utilities, unless the government set up a crisis management commission for the textile industry within 60 days.

The association wants urgent discussions over a planned Esc750bn (£2.9bn) 15-year programme of modernisation for the textile industry for which Portugal is hoping to win European Community support.

In the first six months of this year, at least 12 companies closed with the loss of over 3,000 jobs, and many more are close to bankruptcy with several thousands more jobs at risk.

Trade unions have warned of a possible "collapse" of the textile industry unless urgent measures are applied. The unions are concerned about the rising number of factory closures and job losses and say that thousands of workers are not being paid or are being paid two or three weeks late. In the Braga district alone, a trade union study estimates that in July companies owed Esc19bn in back payments for social security and that 2,500 workers were affected by wage arrears.

Mr Luis Fernando Mira Amaral, the industry and energy minister, dismisses as alarmist claims about a crisis: "I have heard people talking of a crisis for 25 or 30 years. What there is, is a constant restructuring with companies closing down and (new ones) opening."

The government has agreed to establish four ministerial working groups with employers to seek ways to speed up restructuring.

Portugal's textile and clothing industry accounts for almost 30 per cent of the country's total exports – roughly the same proportion as in 1980 – but the value of exports has doubled from Esc342bn in 1986 when Portugal joined the European Community to Esc685bn last year. EC membership, by lifting former restraints on exports to Community member countries, initially benefited the industry, but while production expanded, most companies – with few exceptions – continued to rely on

> The bulk of Portugal's 2,500 companies employ fewer than 50 workers each, and they lack the finance and the marketing skills needed to adapt to increasingly tough competition and changing demand.

low wages and increasingly outdated manufacturing techniques.

The industry is highly fragmented despite is geographical concentration in the north and centre of the country. The bulk of Portugal's 2,500 companies employ fewer than 50 workers each, and they lack the finance and the marketing skills needed to adapt to increasingly tough competition and changing demand.

Producing mainly cheap goods Portuguese companies face direct competition from low-cost Asian producers. The recent extension of the Multi-Fibre Arrangement which governs world trade in textiles and clothing has provided a temporary respite, but the government's critics say it will be wasted unless something is done to support the local industry now.

The recent export growth hides the increasingly precarious financial condition of many companies. Even large groups such as Coelima, one of Portugal's biggest textile groups, ha asked for urgent financial assistance to avoid bankruptcy. Financial difficulties for many companies are compounded by punishingly high interest rates of 22 per cent to 24 per cent.

Both government and industry agree that the textiles industry needs restructuring if it is to survive. This will inevitably lead to the closure of unprofitable companies and the loss of many more jobs.

Companies are having to move up-market with better designs and higher quality products, but even those that have made the transition find the going tough as a result of the down-turn in demand in Europe. The EC takes about 70 per cent of Portuguese textile exports and another 20 per cent go to countries of the European Free Trade Association. "There are fewer orders, orders are smaller and payments are delayed," says Mr Luis de Castro Fernandes, managing director of Highlight, a successful sports ready-to-wear manufacturer from Oporto.

He says far more time and effort has to be put into marketing and contacts with customers. "We have to adapt and adapt fast to the changing market. You need to be flexible. Companies with limited production facilities based on volume sales at low prices will face big problems," he says. He believes companies will have to be more directly involved in distribution either with the creation of brand names or through sales outlets.

It will be a difficult step for many. "We need an industrial revolution and a complete change of attitude in our industry," says Mr Alexandre Pinheiro, president of Anivec, the association representing clothing and ready-to-wear manufacturers. He says companies must make an effort to modernise, but the government must also help.

"We need money and time. We want a special (EC) programme aimed specifically at the modernisation and reconversion of the textile and clothing industry." He says the costs of the modernisation programme which is awaiting approval in Brussels should be split one third each between the government, the EC and the companies, with the government and the EC providing the initial Esc750bn.

Denmark approves bridge plan

By Hilary Barnes in Copenhagen

THE Danish parliament yesterday voted to build a road-rail bridge across the sound between Denmark and Sweden.

Swedish MPs have already approved the project, which will connect Copenhagen and Malmö. It is expected to cost about DKr12bn (£1bn) and should be completed by 1997.

In 1973 Danish MPs turned down a similar project at the last minute, after both governments and their Swedish counterparts had given their approval. Last week, it appeared the present project might be put in jeopardy by the European Commission.

However, a delegation of senior civil servants went to Brussels and convinced the Commission that all interested parties had had a proper chance to air their views.

Environmentalist organisations believe it may affect the Baltic Sea by changing the water flow and thus influencing the salt content. They also say that an increase in car and lorry traffic will add to Copenhagen's pollution.

Supporters of the link say it will bring fresh life to the Danish capital, drawing large numbers of Swedes to savour the pleasures of Copenhagen.

Norway's jobless at post-war high

Norway's unemployment has reached a post-war high of 7.3 per cent including those on government job schemes, against 6.9 per cent at the start of the month, according to official figures up to August 9.

Mr Harald Rensvik, the labour minister, blamed the rise on the country's crumbling building and construction industry and added that people were joining job schemes after returning from the holidays.

Switzerland seeks to end CFCs

Switzerland said yesterday it would phase out chemicals damaging to the earth's ozone layer, and hoped virtually to eliminate their use by 1995, Reuter reports from Berne.

The use of chlorofluorocarbons (CFCs) and other ozone-damaging chemical compounds will be sharply cut back from the beginning of next year and will be widely eliminated by 1995, the Interior Ministry said.

It expected annual usage of CFCs to fall to 1,500 tonnes in 1992 from 8,000 tonnes in 1986. By 1995 the figure should be only a few hundred tonnes. Scientists say CFCs have burnt a hole in the protective ozone layer.

Group plans first Albanian airline

ONE OF Albania's pioneering companies, a Franco-Albanian joint venture called Adriatiku DFS Albania (Groupe ADA), is planning to set up the Balkan state's first airline, Reuter reports from Tirana.

Mr Besnik Shtyla, development manager, said the group had bought a second-hand Brazilian-built Banderainte EM 18-seater aircraft to start daily flights between Tirana and Bari, in Italy.

The new airline, Adalbanair, is awaiting a licence from the Albanian authorities before starting operations, but has already joined the International Air Transport Association (IATA), he said.

It also plans to fly to Greece and a second aircraft, to be delivered next month, will be used for domestic flights.

Groupe ADA, formed last October and operating since January with a capital of $1m, is 50 per cent owned by the Albanian state, with two French entrepreneurs holding the rest.

The two Frenchmen, who had experience of trading with Albania under the closed communist regime which ended earlier this year, have invested about $5m in the venture, Mr Shtyla said.

The group's main activity is operating shops around the country which sell clothes and cosmetics in exchange for the national currency, the lek.

But, drawing on the experience of one of the French partners in Hong Kong and Brazil, it has also opened duty-free shops selling goods for hard currency in Tirana's main hotel and at Rinas airport.

Lek revenues are used to pay the salaries of the 100-strong Albanian staff. Groupe ADA also plans to build offices in Tirana and to buy Albanian goods locally to sell abroad.

The group is moving into tourism, building a restaurant in the southern resort of Sarande, and plans to start an economic magazine in a joint venture with Albanian journalists.

Its information division acts as the Albanian distributor for US computer makers IBM and Hewlett-Packard. Mr Shtyla said Groupe ADA wanted to seize the opportunity to be in at the start of Albania's economic reforms. "We are taking the risk of making a loss for several years. We know Albania will become like other countries. It's a matter of time."

Germany raises child care leave to 3 years

By David Goodhart in Bonn

GERMAN employers must keep a job open for three years for a mother, or a father, who takes time off to look after a child, the German cabinet proposed yesterday.

It extended the job guarantee from the previous two years as part of a package of measures to improve the financial position of families.

The state will also pay mothers, or fathers, the DM600 (£205) a month child raising money for two years instead of the current 18 months.

● The German cabinet yesterday agreed a plan to establish a Federal Export Office to oversee export control. Germany has been attacked in the past few years for its inability to stop the export of dangerous goods especially to countries in the middle east.

German exporters say the regulations are too zealously applied and that this is harming German companies' reputation as reliable deliverers.

Indian entrepreneur adds spice to the Tallinn diet

By Robert Taylor, recently in Tallinn

IN A cellar in Tallinn's old town square an Estonian-British joint venture is fighting to survive in the face of an indolent workforce, supply problems, and customers reluctant to spend money.

Opened only five months ago the Maharaja restaurant seems an unlikely addition to the Estonian capital's meagre and surly catering establishments.

Serving a range of high quality Indian cuisine, however, it is already rated by many western visitors as one of the best restaurants to be found anywhere in the Soviet Union. Unlike Soviet establishments it seeks to welcome its customers and its food is exquisite with tender lamb and chicken, a heavenly raita and nan baked on the premises.

The Maharaja is the idea of Indian entrepreneur Iddharthan Bose, who has been selling computers and software to the Soviet Union since the early 1980s. A fluent Russian speaker, with a doctorate from Moscow University and a regular traveller in the Soviet Union, he runs his own company, Perfect Technologies, from an office in Golders Green Road, London.

He was encouraged to start up the restaurant in Tallinn in co-operation mainly with the Indian-based Malhotra group and several Estonian organisations, including a clothes company. The western side of the operation owns 40 per cent of the joint venture.

Mr Bose had originally calculated the western contribution to the venture at $50,000. In the event, the western partners had to find $160,000 (£95,000) and the Estonians Rbs500,000 (£165,000 at the commercial rate of exchange) to convert what was literally an underground waste disposal dump.

"You have to run and struggle all the time', admits Says

European Diary

Estonia

Sanjay Walia, who directs operations and who used to run a restaurant for the Malhotra group in New York.

The kitchen is manned by three chefs brought in from India while service is provided by Estonians. "We trained the locals for three months," says Mr Walia. And the 34 staff have a hard currency pay incentive to encourage hard work.

However, the "why work?" mentality in Tallinn exasperates the Indian management who keep the restaurant open seven days a week for lunch and dinner. "They think they are doing well so they want to relax," Mr Bose says. "We always have to make sure an Indian manager is here. If they were left alone the place would fall apart."

The restaurant has a constant battle to replenish its food stocks. People are employed for up to 10 hours a day scouring the markets for the best meat and vegetables for which they have to pay over the odds. Spices and other ingredients are brought in from London or India. The restaurant has sold out of fine French and Italian wines at the moment and must wait patiently for the next supply to arrive via Moscow.

There have also been some unforeseen problems stemming from the array of taxes and duties being levied on the restaurant business. A 10 per cent turnover tax was suddenly imposed recently, and 30 per cent customs duties on the Maharaja's imported necessities adds to the cost burden.

All the kitchen equipment was imported from India. Even a designer was drafted in from the sub-continent to plan the decor of the restaurant. The tables, chairs and crockery were made locally but to Indian specifications.

The Maharaja is open in the evening only to hard currency customers, but at lunchtime it takes roubles. Mr Bose admits many Estonians feel they have more pressing uses for what American dollars, Finmarks or Swedish krona they can get their hands on than to spend them in a restaurant. As a result the Maharaja's clientele is mainly limited to western visitors or local VIPs. After all, lunch for three nearly costs as much as a average worker's monthly wage in Tallinn.

"We're not meeting the interest on our loans at the moment," says Mr Bose. And although the restaurant's owners are hopeful of turning a profit within the next two years, making money in Estonia is never likely to be easy.

Mr Bose is convinced that the biggest contribution that western entrepreneurs like him can make to the development of a Soviet market economy is not cash or even technology. "What they really need are western managers," he argues. Mr Walia agrees. "It is the attitude of mind here that is the real trouble. People have lost the will to work. The old Soviet system failed to encourage initiative and enterprise."

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Chrysler plans drive to export vehicles to UK

By Kevin Done, Motor Industry Correspondent

CHRYSLER, the US car maker, is to begin exporting vehicles to the UK from North America late next year as part of its international expansion.

It is expected later this month to appoint TKM Automotive, the UK vehicle distributor and retailer, as its UK importer.

Chrysler, the smallest of the big three US car makers, is planning initially to produce right-hand drive models of its Jeep Cherokee four wheel drive leisure/utility vehicle range for export from the US in late 1992.

It will become the first US-owned car company to mass produce right-hand drive vehicles for export out of North America. The company said it was considering all the world-wide right-hand drive markets including the UK, Japan, Australia and New Zealand.

TKM Automotive is a subsidiary of Brierley Investments, the New Zealand investment and trading group. It already holds the import concessions for Ferrari, Daihatsu and Lada in the UK and has interests in the UK importer operations for Mazda and Proton.

Chrysler forecasts that the European market for four

Joseph Cappy: no plans to enter high volume sector

wheel drive leisure/utility vehicles will grow from around 100,000 in 1985 to 395,000 by 1995.

Several rivals are also entering this segment of the European market including General Motors (Opel/Vauxhall) and Ford, but with vehicles built in Europe.

In contrast with Ford and General Motors, Chrysler has only limited foreign operations. Its return to the European market follows its ignominious withdrawal at the end of the 1970s, when it was forced by the threat of imminent financial collapse to sell its European operations to Peugeot of France.

In 1988 Chrysler began building up a European distribution network for its North American vehicles and its planned entry into the UK market is part of this expansion.

By the end of 1991 it plans to have 1,061 dealers in place in Europe – excluding the later move into the UK – compared with 801 in 1989. Its biggest presence is in France with 270 dealers, followed by Italy with 194, Germany, 175 and Switzerland with 78.

According to Mr Joseph Cappy, Chrysler vice president for international operations, the company does not yet have any plans to enter a high volume segment of the European car market.

It is concentrating on niche segments such as four wheel drive leisure/utility vehicles with its Jeep range, and minivans, seven- to eight-seat high roof estate cars such as its Chrysler Voyager, where it is the market leader in the US.

Chrysler forecasts that the minivan segment in Europe could grow from 34,000 in 1985 to more than 500,000 by the year 2000.

Mosbacher may demand fisheries sanctions

By Nancy Dunne in Washington

MR Robert Mosbacher, the US commerce secretary, may ask for sanctions against Taiwan and South Korea for violating bilateral agreements by allowing illegal driftnet fishing.

"This blatant violation of our driftnet agreements by both Taiwan and the Republic of Korea is intolerable and cannot be ignored," he said. "It is clear we must impress upon Taiwan and the Republic of Korea our seriousness regarding illegal driftnet fishing operations.

Under US law, the commerce secretary may now ask President Bush to restrict the import of all seafood products from the two countries.

Under the terms of the bilateral pacts, all driftnet vessels from South Korea and Taiwan are required to carry satellite transmitters which allow the US National Oceanic and Atmospheric Administration (NOAA) and the US Coast Guard to monitor the positions of the driftnet vessels in the Pacific. This is to ensure that they are operating in legal fishing zones.

According to the Commerce Department, special agents from NOAA and the US Coast Guard examined data generated from satellite tracking systems and found that at least 21 vessels from Taiwan and 17 from South Korea were fishing with large driftnets in an area 75 nautical miles north of the boundary specified under the bilateral driftnet agreements.

The department said a Taiwanese enforcement vessel was sighted near the illegal operations but reportedly took no action to stop them.

Australia criticises US on wheat

By Kevin Brown in Sydney

AN assurance by President George Bush that the US would avoid selling subsidised wheat to traditional Australian markets contained "too many loopholes," Mr Simon Crean, primary industries minister, said yesterday.

In Washington, US and Australian officials were yesterday holding consultations in which the US was expected to lay the blame in this row on the European Community and its exportable wheat surplus and subsidised exports.

Mr Bush had given the assurance to Mr Bob Hawke, the Australian prime minister, after repeated complaints that the US was "dumping" wheat in Australian markets as part of a subsidy war with the EC.

Speaking ahead of the Washington discussions, Mr Crean said Australia accepted that Mr Bush had intended to avoid friction between the two countries over wheat sales. However, Mr Crean said the integrity of the president's assurance was being subverted by US officials under pressure from American farmers, whose incomes have suffered because of falling world wheat prices.

Australian farmers claim sales under the US Export Enhancement Programme (EEP), will cost them up to A$1bn (£462m) in lost sales this year, and could have severe long-term effects on Australia's global market share.

Significant sales under EEP have been made this year to Yemen, Algeria, China and Kuwait, all regarded by Australian farmers as part of their traditional trading area.

So far, the government has rejected calls for retaliatory action, such as the closure of US military bases, and supported the US argument that EEP sales are intended to force the EC to reduce export subsidies.

However, pressure for action against the US intensified yesterday when the Australian Senate called on the US to "minimise damage to non-subsidising exporters such as Australia."

Mr Crean warned farmers that Australia's relatively small economy ruled out any attempt to match foreign subsidies. "A subsidy war is a war we cannot win. We cannot match the resources of the US and the EC," he said.

● The Australian Wheat Board claimed Louis Dreyfus, the French commodity trading house, was attempting to sell 24,000 tonnes of heavily subsidised Saudi Arabian wheat to New Zealand, a long-term Australian customer. Mr Clinton Condon, wheat board chairman, said Saudi subsidies were up to US$800 a tonne – around ten times current world prices.

Chinese trade delegation to visit US

TOP Chinese trade officials are to leave for Washington on Saturday for four days of talks to cool tempers frayed by Beijing's mounting trade surplus and its patchy record on copyright protection, a senior Chinese official said in a newspaper report yesterday, Reuter reports from Beijing.

"China is taking steps to increase the transparency of its foreign trade policies and regulations," Sun Zhenyu, director of American and Oceanian Affairs at the Ministry of Foreign Economic Relations and Trade, told the official China Daily.

The team is led by Tong Zhiguang, vice minister of foreign trade, and includes diplomats and officials from China's customs, patent and copyright offices.

China's ties with the US, strained by Beijing's bloody 1989 crackdown on pro-democracy protests, have been further shaken by a rancorous dispute over trade issues.

In 1990, China enjoyed its first overall trade surplus since 1983. Its surplus with the US alone was more than $10bn (£5.9bn), US statistics showed. Washington fears this could rise to over $15bn this year.

The surplus figured prominently in the US congressional

China's ties with the US, strained by Beijing's bloody 1989 crackdown on pro-democracy protests, have been further shaken by a rancorous dispute over trade issues.

debate this year over extending China's Most Favoured Nation (MFN) trade status, which gives the lowest possible tariffs to Chinese exports.

Last month, the US House of Representatives and Senate voted to impose conditions on China to be met before MFN was renewed for 1992, including improvements in human rights.

A final version of the bill has not been sent to President George Bush, who has promised to veto the legislation.

China is growing increasingly worried about the trade dispute.

"We understand that Sino-US trade is of great concern to the US Congress and government," Sun said. "We welcome such an opportunity to make bilateral consultations and we hope something positive will come out of the meeting."

He added: "We have stopped the downward trend of our imports from the US, which dropped 16 per cent in 1990." Chinese customs figures showed US imports rose 6.2 per cent in the first half of 1991 compared with the same 1990 period, he said.

China was trying to improve protection of copyrights, patents and other intellectual property rights issues, Sun said. Beijing enacted its first copyright law this year.

"China is striving to further improve the protection, and there is no doubt about such a strong determination," he said.

The Chinese team was expected to lobby hard for US support for Beijing's bid to enter the General Agreement on Tariffs and Trade. China's entry to the world trade body has been stalled by doubts whether Beijing can live up to the Gatt's free-market ideals.

While warning that "we cannot solve all the problems overnight," Sun called on Washington to revive a joint trade commission suspended after the 1989 crackdown. This would "pave the way for the real normalisation of the bilateral trade relationship and for work on long-term trade programmes," he said.

● The Civil Aviation Administration of China (CAAC) will sign an $800m agreement with Boeing to buy 13 of its 757 aircraft. A spokesman for Boeing China said the signing ceremony with China Aviation Supplies Corp, purchasing arm of CAAC, was due last night.

Caribbean states reduce number of projects to be funded by EC

By Canute James in Kingston

CARIBBEAN members of the African, Caribbean and Pacific (ACP) group have significantly reduced the number of projects they want funded by the EC under the fourth Lomé Convention, but are still unhappy at the amount of money allocated to the region.

At a two-day meeting in Barbados, government ministers from 15 countries reduced their funding requirements under the Lomé Convention from $451m (£266m) to $135m, which is still above the $103m which the EC has allocated.

The Caribbean states have been asking for a significant increase in the allocation from the EC, on grounds that the Caribbean group of the ACP has expanded recently.

The recent admission of Haiti and the Dominican Republic to the ACP has tripled the population of the Caribbean group to 18m people. Allocations from the EC must take account of this, the region argued.

"So far the gap between project requests and funds available has been considerably narrowed," said Mr George Brizan, Grenada's finance minister. "It's above what the EC has allocated, but I don't think there is much point in trying to cut down at this stage," he said.

At their annual summit last month, Caribbean Community leaders said the allocation for the region under the Fourth Lomé Convention did not take account of the expansion of the group.

Some delegates argued that although this was about $17m more than was allocated under the previous Lomé pact, the region was effectively getting less.

Public works a Herculean task for Athens politicians

Kerin Hope on Greek infrastructure projects previously buried by political procrastination

HOWEVER unenviable digging the Athens streets in August might be, the unfortunate workmen who are currently toiling in the Greek sun can at least take comfort from one thing: their task looks set to become a landmark in the shifting world of Greek politics.

For after a decade of delays caused by political procrastination, workmen are now laying a distribution network at the site that will be the terminus of a 500 km pipeline bringing Soviet natural gas from the Greek-Bulgarian border.

The natural gas project, like other infrastructure schemes such as extending the Athens underground system, building a new city airport and improving the water supply, was launched more than a decade ago amid a blaze of publicity. Then it faded from view, except at election times.

Until very recently, short-term political concerns seemed to override all other

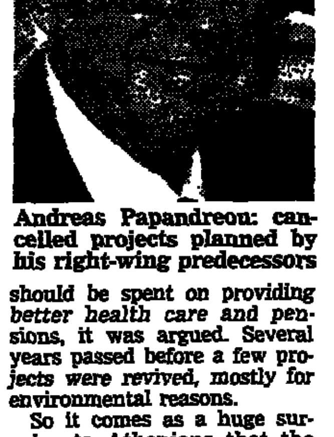
Until very recently, short-term political concerns in Greece seemed to override all other factors that affected public procurements.

factors affecting public procurements. As a result, ambitious plans announced by politicians on the campaign trail would get no further than a feasibility study before the government switched priorities or cut the state investment budget. A change of government, or a cabinet reshuffle, would freeze important contracts until the new minister put together his own team of advisers to review them. Under the best of circumstances, long delays were inevitable.

"Taking on a project in Greece is always difficult because of constraints in funding and the sudden swings in policy. You must take a long-term view and cultivate patience," says a foreign energy consultant.

The socialists who came to power in the early 1980s, led by Mr Andreas Papandreou, took this practice one stage further by cancelling, on ideological grounds, the main public works projects planned by their right-wing predecessors.

Limited government funds



Andreas Papandreou: cancelled projects planned by his right-wing predecessors

should be spent on providing better health care and pensions, it was argued. Several years passed before a few projects were revived, mostly for environmental reasons.

So it comes as a huge surprise to Athenians that the Dr290bn (£900m) natural gas project, which was enthusiastically adopted by a socialist zeal, should be making visible progress under a conservative government.

None the less, construction of the pipeline is expected to run almost a year behind schedule, following delays in starting an environmental impact survey, which may entail archaeological excavations somewhere along the route.

Continuity was also evident in the award in June of a Dr250bn contract for the underground extension – a project first studied almost 40 years ago – to a German-led international consortium, under a revised version of a tender prepared by the socialist government.

In fact, the prospect of fresh funding stimulated the revival of both projects. They are now included in the European Community's regional support programme for Greece, which will make Ecu7bn (£4.9bn) available over the next three years to improve infrastructure and develop business competitiveness. Additional money will come from the European Investment Bank, boosting the Greek government's own contribution.

But the timetable means there is no longer any room for procrastination. "The margins are extremely tight if we are to absorb all the EC money. We lost valuable time in the past. We can't afford any more indecision," says Mr Aristides Tsiplakos, the Economy ministry undersecretary in charge of EC disbursements.

The delays have already taken their toll, as the embarrassing failure of Greece's bid to stage the 1996 Olympic Games in Athens demonstrated. It was not due to any shortage of sports installations: the city's chances were scuppered by a glaring absence of highways, mass transport facilities and up-to-date telecommunications.

Athens still faces the grim prospect of running out of water because successive administrations postponed the construction of a new dam in central Greece, first planned 20 years ago. Despite heavy rains last winter after a three-year drought, lack of maintenance of existing dam and conduit systems has left the city with only a six-month supply.

The Public Works ministry is speeding up tender procedures for building a dam across the Evinos river, 200 km

Athens may run out of water because successive administrations postponed construction of a dam planned 20 years ago.

north of Athens, and a tunnel to channel water into the Mornos reservoir, but it will be another three years before the extra water reaches the city.

A large question mark still hangs over the Dr300bn new airport project, abandoned 10 years ago after several thousand hectares of vineyards at Spata, east of Athens, were expropriated and uprooted.

With no immediate promise of EC financial assistance, the government appointed Salomon Brothers as financial adviser to seek bids from international construction groups on a build-operate-transfer basis.

The project leader selected would be asked to set up an international consortium to finance and build a runway and terminal with capacity to handle 20m passengers annually. They could also have the option on extending it later at a later date - although in light of the problems that still dog Greek public work projects in the present, how attractive the future options would be remains to be seen. .

INTERNATIONAL NEWS

Israel deals with 'terrorists' to get its citizens home

Tony Walker reports on the pressures on politicians over the handful of Israeli soldiers held in Lebanon

IN THE often merciless Middle East bazaar, hostage swaps are nothing new.

For the past two decades, Israel has been at the centre of many of these transactions even as it insisted that it would not do business with "terrorists".

Mr David Tal, a terrorism expert at the Jaffee Strategic Studies Centre in Tel Aviv, explained that in a small country such as Israel, the plight of hostages weighs particularly heavily with Israeli leaders who feel under perhaps greater pressure than their western counterparts to secure the release of their nationals from captivity.

"In Israel," he said, "the relationship between families (of hostages) and decision-makers is often very close. There is a great deal of sensitivity regarding victims. If you send someone to the battle-field, you have to secure his return at any price."

Thus, in the past 20 years, Israel has exchanged thousands of Arab prisoners for a handful of Israelis who had fallen into enemy hands. Not all these deals have won favour domestically.

In the last big prison release in 1985, there was a chorus of criticism over the freeing of convicted Palestinian murderers.

Mr Tal said that on this occasion the authorities were likely to be more careful in selecting those who they release, making sure that individuals convicted of serious crimes are not among those freed.

"The Israeli position will be tougher," he observed. "I don't think Israel will release terrorists with blood on their hands."

Israel will find itself treading a fine line, nevertheless, in its efforts to satisfy the demands of Lebanon's hostage takers for a "fair trade" for their 10 western and perhaps two Israeli hostages, plus the remains of several others among the seven Israelis listed as missing.

- Early 1971, Israel exchanged Mahmoud Hijazi, a member of Mr Yassir Arafat's mainstream Fatah faction, for an Israeli kidnapped on the Lebanese border on New Year's Eve 1970. Mr Hijazi had been sentenced to life in prison for terrorist activities.
- March 1979, Israel exchanged 76 Palestinians, including convicted murderers, for an Israeli soldier captured in Lebanon the year before by the PLO's splinter faction, the Popular Front for the Liberation of Palestine-General Command, led by Ahmed Jibril.
- November 1983, Mr Arafat released six Israeli soldiers captured in the 1982 invasion of Lebanon for 4,600 Palestinian and Lebanese detainees from the Lebanon war. Israel also returned PLO archives seized from Beirut in 1982 ... after copying them.
- May 1985, two Israeli soldiers held by the PFLP-GC were exchanged for 1,150 detainees, a number of whom had been convicted of serious terrorist acts.

The resulting outcry almost certainly obliged Israel to approach new hostage deals with much greater caution.

But a sign of the Israeli government's continuing interest in doing business in the Middle East hostage bazaar was the kidnapping in July 1989 from his home in south Lebanon of the Shi'ite Moslem cleric, Sheikh Abdul Karim Obeid.

Israel's motive was clear.

It wished to arm itself with an important hostage to trade for its soldiers still being held by the pro-Iranian Hizbollah or "Party of God".

As David Tal observed: "Israel wanted a card to negotiate with Hizbollah." That is exactly what is taking place now through the offices of the UN secretary-general.

South Korea plans £34bn boost for farm spending

By **John Ridding** in Seoul

PRESIDENT Roh Tae Woo yesterday promised huge investment in South Korea's farm sector to protect it from the competitive impact of market-opening measures.

He said the government would invest Won42,000bn (£33.7bn) over the next ten years in a comprehensive development of the country's agricultural and fisheries industries.

"We must nurture our agricultural industry and make it competitive through a restructuring", said Mr Roh in a speech marking the 30th anniversary of the National Agricultural Co-operative Federation, a powerful lobby group which represents farmers' interests.

The federation has opposed government plans to liberalise South Korea's agricultural markets. It has been particularly strident in opposition to the opening of the highly protected rice market as demanded by the US.

An official at the ministry of agriculture said that government's reform measures are necessary to minimise the damage which would result from market liberalisation proposals contained in the Uruguay Round of Gatt negotiations. He said the government would invest Won35,500bn in physical improvements to the farm sector, including upgrading the distribution system for agricultural products and better equipment in the processing industry.

Roh Tae Woo seeks to mitigate effects of market liberalisation

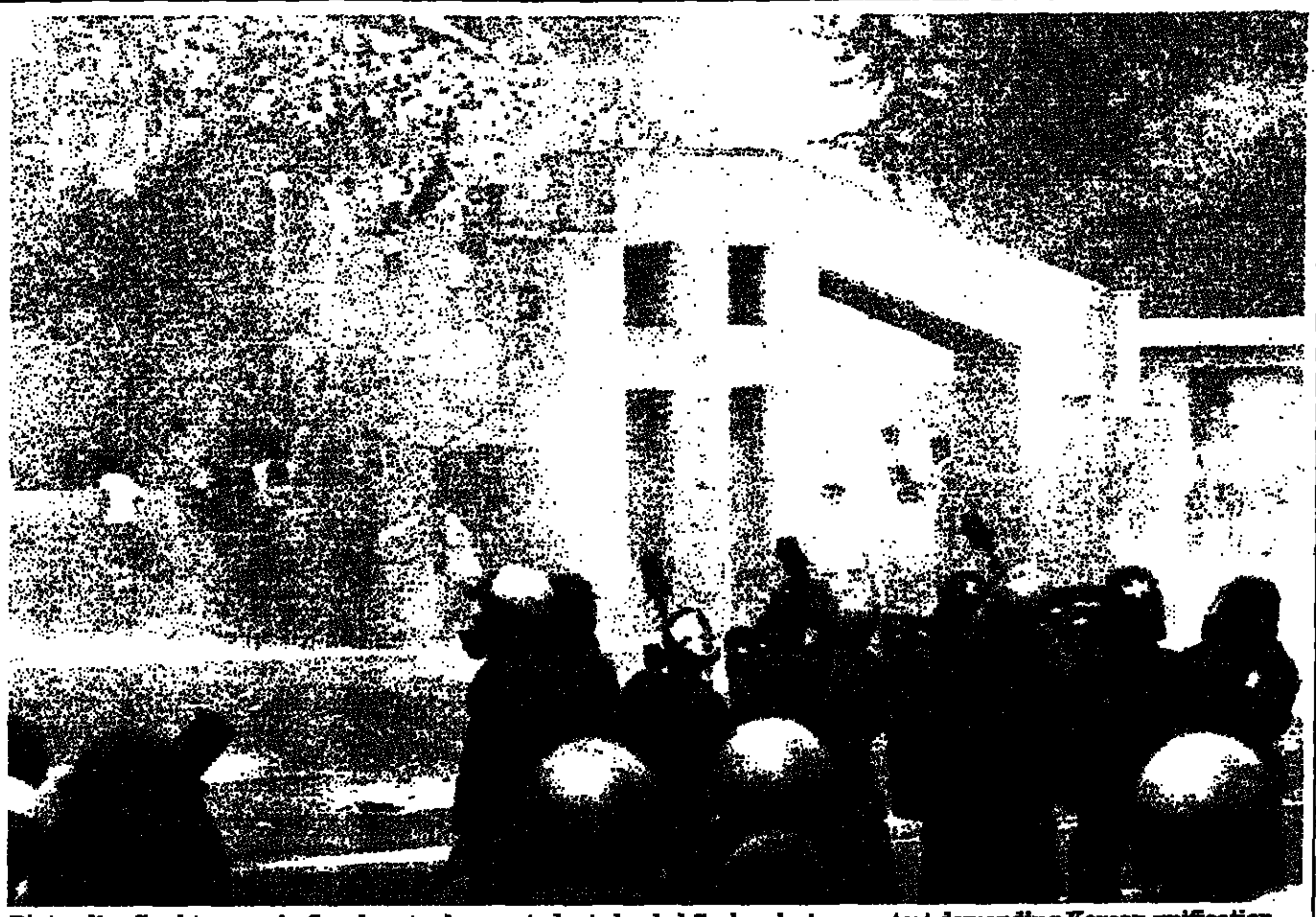
It will also spend Won6,200bn on improving living standards for young farmers and expanding training programmes.

The government will grant loans of up to Won50m a year to each of 10,000 young farmers set to inherit farmlands. The loans, of up to 20 years, will carry low interest rates.

Overall, the government forecast that annual income per farm household would double to Won22m won in 2001 from Won11m in 1990, while the the number of people employed in fishing and farming is expected to fall to between 3m and 4m from 6.7m last year.

Mr Roh expressed hope that the Uruguay Round negotiations would prove successful. "Unless the negotiations succeed, Korea will have to negotiate directly with those nations urging it to open its agricultural markets," he said, adding that this would be "a heavier burden for farmers and the economy".

The president's comments coincided with a pledge by Korea and Japan to co-operate on the sensitive issue of opening rice markets. In Seoul the two sides the issue should be approached from the viewpoint of food security.



Riot police fired teargas in Seoul yesterday as students hurled firebombs in a protest demanding Korean unification

Singapore election set for August 31

MR Goh Chok Tong, Singapore's prime minister, yesterday called general elections on August 31, more than two years earlier than required, Reuter reports from Singapore. Nominations close on August 21.

Victory for Mr Goh's People's Action Party, which has been in power since 1959, is virtually assured. In September 1988, it won 80 of the 81 parliamentary seats.

Mr Goh, who took over from Mr Lee Kuan Yew last November, had announced last week that he would call elections before they were due in 1993 to seek a popular mandate for his economic and social programmes.

Shamir under fire

The outgoing governor of the Bank of Israel made a scathing attack yesterday on Mr Yitzhak Shamir, the prime minister, for his direction of the economy in the face of an influx of Soviet Jews, Reuters reports from Jerusalem.

Mr Michael Bruno said measures needed for Israel to absorb about 300,000 Soviet Jewish immigrants had not been implemented because of Mr Shamir's neglect of economic matters. "Every country's prime minister has to show involvement in the economy and back up his ministers – and this is not the situation here," he told Army Radio.

Malaysian money

Malaysia's central bank, Bank Negara, yesterday announced measures to restrict monetary growth, including an increase in reserve requirements of financial institutions, Reuter reports from Kuala Lumpur.

From August 16, all commercial banks, finance companies and merchant banks will have to raise their statutory reserve ratios by one percentage point to 7.5 per cent of total eligible liabilities. Finance companies will not be allowed to finance more than 75 per cent of the cost of motor vehicles and the repayment period cannot exceed four years.

IMF democracy call

Mr Michel Camdessus, the International Monetary Fund managing director, yesterday called for greater democracy to spur economic development in impoverished Third World countries, Reuter reports from Nairobi.

"Pluralist, participatory regimes are good friends of development," he said at the start of a tour of Kenya, Uganda and Tanzania – all one-party states whose market reform programmes are IMF funded.

Mr Camdessus said accountable governments, with institutions open to public scrutiny and popular participation in decision-making, were keys to economic recovery.

Madagascar plea

France said yesterday that an early election in Madagascar was the only way of ending protests against President Didier Ratsiraka and avoiding further bloody clashes, Reuter reports from Paris. The Foreign Ministry said France did not want to interfere in the internal affairs of its former colony, but "neither can it remain indifferent to current developments in this friendly country," it said.

Rivals consider peace plan for black townships

OFFICIALS from South Africa's main political rivals sat down for talks yesterday to try to end the present political violence, Reuter reports from Johannesburg.

The talks will be the first between representatives of the government, the African National Congress and Inkatha since a slush fund scandal last month poisoned slowly improving relations.

The main topic was expected to be a plan, put forward by a neutral church-business group, for peace in the townships. It calls for a code of conduct for political parties and the security forces, the identification of socio-economic problems and the implementation of a monitoring force.

A permanent peace secretariat would work with a judicial commission on violence and intimidation which reformist President F.W de Klerk proposed last June.

It is believed that broad agreement has already been reached on codes of conduct for security forces and political parties.

Copies of the proposed accord have been forwarded to other smaller parties less involved in the township carnage. It includes a ban on disrupting the activities of political rivals or making inflammatory statements against opposing parties.

The parties are also understood to have agreed that political killers should be brought to court quickly.

If approved, the plan will be submitted for final endorsement by the three parties and all other political movements affected by the violence which has killed more than 10,000 people in the black townships since 1984.

The government admitted paying Inkatha secret funds to offset the ANC's influence in the black townships, a scandal which sidelined two cabinet ministers and led the ANC to accuse Inkatha of being the government's puppet.

The township violence reached epidemic proportions between April and June this year, prompting the ANC to pull out of democracy talks with the government until de Klerk took steps to halt it.

Church and business leaders took the current peace initiative after the ANC and its allies failed to attend a government-convened peace summit in May.

Four charged in Itoman scandal

PROSECUTORS have charged four main suspects in Japan's Itoman corporate scandal, which involves large-scale embezzlement and dubious art deals, the Osaka District Prosecutor's office said yesterday, Reuter reports from Tokyo.

Mr Yoshihiko Kawamura, former president of Itoman, an Osaka-based trading house, was formally charged with embezzlement. Prosecutors also charged Mr Kawamura and Mr Sadamu Takagaki, Itoman's former vice president, with violating the commercial code by endangering their firm's finances.

Mr Suemitsu Ito, a property developer and former Itoman board member and Mr Ho Yung Chung, an Osaka businessman, were indicted on charges of criminal breach of trust. Prosecutors accused Mr Kawamura, with the assistance of Mr Takagaki, of illegally purchasing almost 8.3m Itoman shares over a one-year period beginning in December 1989.

The other two men are alleged to have sold 219 paintings to Itoman for Y55.7bn ($410m). Itoman said it lost Y34.3bn in the deals because the paintings were overpriced.

The indictments are the latest development in a series of scandals that have rocked Japan's financial community.

UK plans for world-wide disaster relief

By **Michael Holman**, Africa Editor

A PLAN to ensure Britain's fast and effective response to disasters around the world was announced yesterday by Mrs Lynda Chalker, the overseas development minister.

For the first time, the Overseas Development Administration (ODA) will be able to mount its own relief operation based on a rapid on-the-spot assessment of need, close co-ordination with non-governmental aid agencies, and drawing on a register of experts such as doctors, engineers and firemen to form disaster relief teams at short notice, said Mrs Chalker.

"We learned from our experiences in Iraq and other recent disasters how important it was to take stock of the situation at the start," Mrs Chalker told a London press conference. "I want Britain's preparedness to be second to none."

The ODA already maintains a stock of basic emergency supplies for immediate despatch to disaster areas. The plan includes new measures to ensure rapid procurement and despatch of additional goods.

Voluntary aid agencies will continue to be "the core element of Britain's response to disasters, particularly those of a long-term nature, such as the Horn of Africa," she added.

Aid agencies generally welcomed yesterday's announcement, but stressed the need for a comprehensive approach to disasters.

"We need a greater recognition that major long-term support is needed. . . and greater attention must be paid to the structural causes behind disasters," said Ms Jenny Borden, deputy director of the British charity Christian Aid.

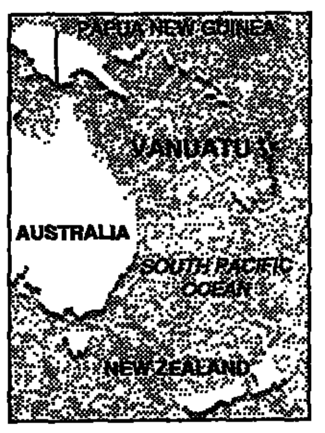
Vanuatu heads towards crisis

By **Kevin Brown** in Sydney

THE PACIFIC island state of Vanuatu was heading towards a political crisis yesterday after Father Walter Lini, the prime minister, tried to ban critics from broadcasting on the national radio station.

The move came shortly after he sacked three ministers, whom he accused of disloyalty to the government. Last month a group of dissident ministers, including Mr Donald Kalpokas, the former foreign minister, were sacked.

Mr Kalpokas later announced that a congress of the governing Vanua'aku party had voted to remove Fr Lini from the presidency of the party, which carries with it the prime ministership. Fr Lini rejected the congress decision, and said he planned to challenge its legality in the island's supreme court, which normally consists of a Vanuatu judge sitting with two judges from other island states.



The three ministers sacked on Tuesday were accused of supporting Mr Kalpokas.

Fr Lini claims widespread support from members of the Vanua'aku Party. He has promised elections later this year, probably in October or November.

There were protests from journalists yesterday after Fr Lini instructed Radio Vanuatu not to broadcast statements from party dissidents because of the "very confusing" internal situation.

Radio Vanuatu defied the ban after Mr Bob Makin, its administrative head, told the premier the station was a vital element of political news coverage. "At this critical time in the period leading up to national elections we feel it is especially expected of us to report all sides," he said.

Baghdad admits 'doomsday' gun

UNITED Nations investigators ended a visit to Iraq yesterday, saying Baghdad had co-operated fully with inspections of an assembled "super gun" and parts for the barrel of an even larger "Doomsday gun", Reuter reports from Baghdad.

Mr Wolfgang Buttler, the German chief inspector, said the team had found no undeclared missiles during visits to 12 sites.

Further teams would visit Iraq to inspect fresh sites and handle arrangements for destruction of the supergun and the "Doomsday" gun parts.

Iraq admitted in July that it had built and tested a 350mm calibre gun and has now declared components for a 1,000 mm calibre cannon, which some experts say could have fired shells into Israel.

South Africans start to learn power sharing at the local level

Patti Waldmeir reports on ways in which local authorities can ensure a rapid transfer of resources from whites to blacks

"THE BATTLE against apartheid is the battle of local government," says Mr Praveen Gordhan, a community activist and member of the African National Congress (ANC). For even when the first universal franchise elections have been held in South Africa – when blacks have been given a national vote for the first time in 350 years – that alone will not guarantee democracy where it matters most, at local level.

The real test of the new South Africa will come in the dorps of the Afrikaner "platteland" (countryside) and the shanty cities which surround metropolitan areas such as Johannesburg, Cape Town and Durban.

How will blacks and whites share power over residential areas kept geographically and administratively separate by 40 years of apartheid? How will they share a tax base previously monopolised by whites? How will they decide, in short, whether to re-tile the swimming pool (used mainly by whites) or electrify the squatter huts which house indigent blacks?

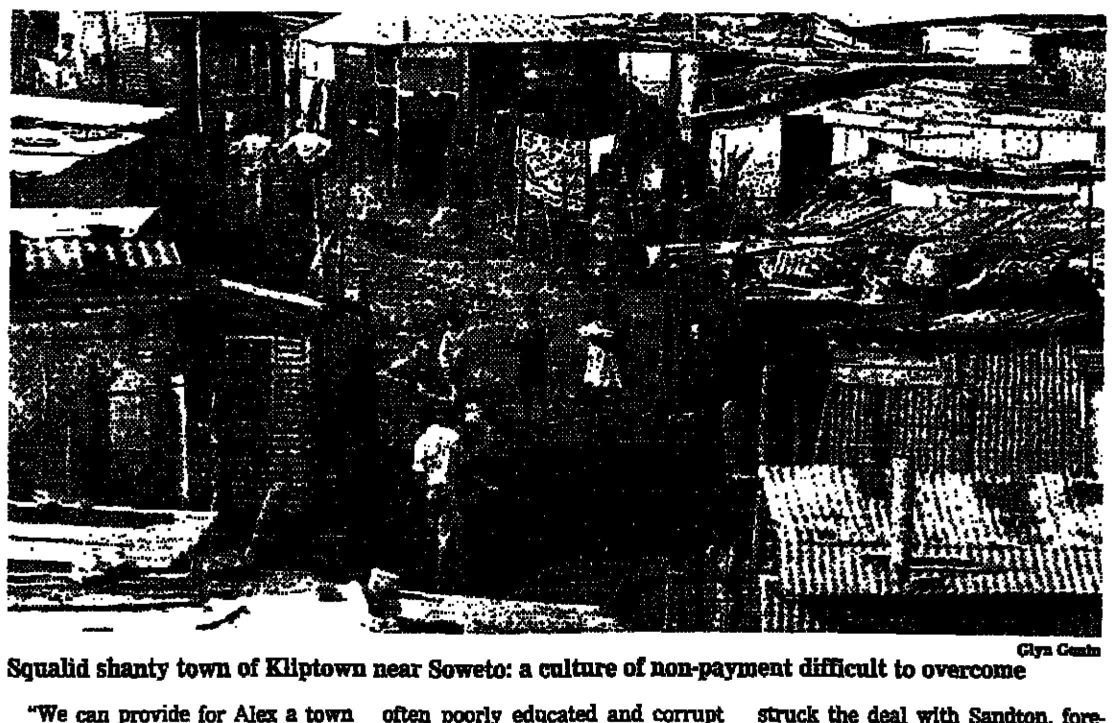
Somehow, local authorities must ensure the rapid transfer of resources from white to black; otherwise, local conflict could jeopardise talks on a national constitution.

Towards that end, racially segregated local councils in several of South Africa's cities are preparing to merge administrations and tax bases. The government has recently published a bill to allow councils to desegregate local government on an interim basis before a permanent system of non-racial local government is agreed at national negotiations, some years hence.

The black township of Alexandra, one of the most squalid anywhere in South Africa, lies just out of sight of the country's most luxurious white suburbs. In the late 1980s, Alexandra was used to test Pretoria's policy of "winning hearts and minds" through a policy of coercion and co-option in black townships. Some R120m (£24.7m) was earmarked to upgrade Alexandra's appalling roads and other facilities.

The policy did not work: partly because of Alexandra's tradition of well-organised political resistance, and the rapid growth of the squatter population; but also because much of the money was misspent by black local councillors viewed as collaborators by the anti-apartheid opposition.

Now "Alex", as it is locally known, has reached the most liberal local government deal anywhere in the country, with the neighbouring white councils of Sandton, Randburg and Modderfontein. There is to be a joint administration for the area – a geographical entity artificially carved up by apartheid – and most importantly, the white councils are to provide services such as water, electricity and refuse collection to the black township.



Glyn Genin

Squalid shanty town of Kliptown near Soweto: a culture of non-payment difficult to overcome

"We can provide for Alex a town which actually works," says Mr Bruce Steward, chairman of the Sandton Management Committee, which administers Sandton. "That will be a big boon." Black local councils in Alexandra and other townships were notoriously inept at service provision: councillors were often poorly educated and corrupt – partly because recruitment was hampered by the ANC policy of murdering local councillors – and distribution of electricity and other services suffered.

Mr Richard Mdakane of the Alexandra Civic Organisation, the anti-apartheid community group which struck the deal with Sandton, foresees a big improvement. "They have the skills, the experience and the money to upgrade Alex, ensure proper maintenance and generally better living conditions," he believes.

But when it comes to the transfer of tax revenues, Mr Steward immediately dispels any illusion that affluent Sandton will open its purse to its black neighbours. "The residents of Sandton will not pay three or four or ten times' more tax to finance the upgrading of Alex," he says, insisting that central government will have to provide the finance (Pretoria has said it will help local authorities which reach multi-racial agreements, but has not promised specific funds). Mr Steward argues that the "user pay" principle must be respected, in Alex as in Sandton, with rebates for the very poor.

For years, Alex has not observed this principle. Indeed, townships throughout South Africa have boycotted rent, electricity and service payments since the mid-1980s, leaving arrears of R1.15bn. The boycotts, organised by anti-apartheid groups, proved an important tool in forcing Pretoria to abandon apartheid; but they have created a culture of non-payment which is proving difficult to overcome.

In the months after the so-called Alex accord was agreed in February (it provided for arrears to be written off, black councillors to resign and set heavily subsidised new local charges of R48-R58 a month) only 16 per cent of Alex residents resumed payments. The current payment rate is around 18 per cent.

An outbreak of serious violence in March certainly impeded payments; but there are deeper problems. As Mr Nigel Mandy, a local government expert, puts it: "in the black community, people think you pay rent to give councillors some money to steal". New local authorities will earn legitimacy only over time; and civic associations may find it much more difficult to persuade residents to pay local taxes than to withhold them.

But community activists believe support will grow once township residents see concrete benefits. They cite the case of the Central Witwatersrand Metropolitan Chamber, a body set up to negotiate non-racial local government for the 4m-odd people who live in the Johannesburg area.

Initially, the umbrella body for local black civic associations, Cast, boycotted the chamber on the grounds that it was racially based; earlier this month, Cast withdrew its opposition – after the Chamber had negotiated the all-important transfer of electricity provision from the grossly incompetent Soweto black councils to Eskom, the national utility.

It is a long way from there to the ultimate goal of merging the tax bases of white and black Johannesburg councils, and installing a non-racial local government for the entire area. But the first steps have been taken, in cities and towns throughout South Africa: real power is being shared by black and white where it matters most, and the basis is being laid for democracy in the post-apartheid area.

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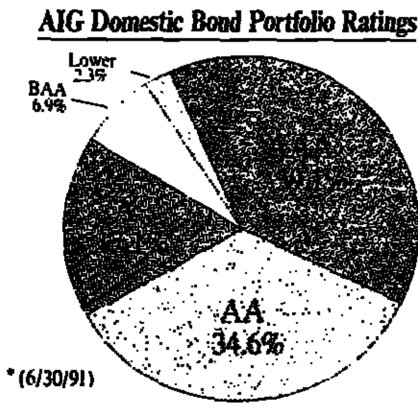

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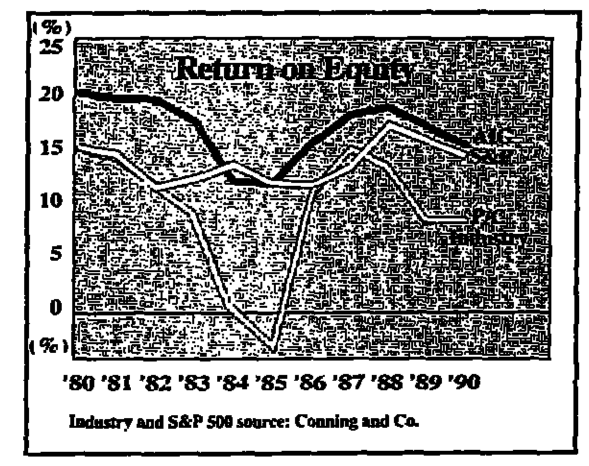

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AMERICAN NEWS

Insurers warn Ontario over public-sector plan

By Bernard Simon in Toronto

INSURANCE companies will claim compensation of up to C$2bn (£1bn) if the Ontario government goes ahead with its plan for a public-sector car insurance scheme, a report by the Canadian arm of consultants Coopers & Lybrand estimates.

The report is the latest salvo in a feverish lobbying effort by the insurance industry against the Ontario scheme, details of which are due to be announced within the next few months.

With about 60 per cent of Ontario's car insurance business handled by foreign companies, the proposed takeover is also snowballing into an international dispute. The US government has already expressed its concern to the Ontario authorities.

The Coopers & Lybrand report, which was commissioned by a Washington legal firm acting on behalf of State Farm Insurance of the US, estimates that C$1.3bn will be claimed by foreign insurers. The six biggest underwriters in Ontario include four foreign companies – Zurich Insurance, State Farm, and Britain's Royal Insurance and Pilot Insurance. Premiums total about C$4.1bn a year.


Bob Rae

The compensation estimate is based on a multiple of 1.75 times the book value of the companies' car-insurance business in Ontario.

Ontario's left-leaning New Democratic party under its leader Mr Bob Rae made the public-sector insurance scheme a key plank of the election campaign which brought it to office last September. It would replace a "no-fault" scheme which was implemented just over a year ago by the previous Liberal government in an effort to contain litigation by accident victims and speed up payments.

The government contends that a public scheme would result in lower premiums. It has also raised the prospect of "one-stop shopping" which will allow drivers to get their insurance, vehicle registration and annual licence at the same time.

Mr Stan Griffin, vice-president of the Insurance Bureau of Canada, said yesterday that in recent discussions, the government had still indicated its preference for a full takeover, similar to that in British Columbia in 1975. But it was also considering a number of hybrid schemes which would give a limited role to private insurers.

Colombia offers further amnesty to guerrillas

COLOMBIA has offered a new amnesty to members of left-wing guerrilla groups who give up fighting, Reuter reports from Bogota.

A decree issued by the government said members of guerrilla groups who laid down their arms and returned to civilian life would receive a pardon for crimes committed before July 5 this year, when a new constitution had taken effect.

The pardon applies to rebellion, sedition, conspiracy and other crimes committed as a guerrilla but excludes atrocities or murders outside combat.

The government has granted amnesty to four guerrilla groups which have laid down their arms in the past 18 months.

In an apparent attempt to go over the heads of three guerrilla groups still fighting, the latest decree stated for the first time that individual guerrillas who gave up their arms could apply for amnesty irrespective of the stance of the group to which they belonged.

"The benefits of pardon or amnesty will also be granted to the person who asks for it, if in the view of the national government he shows his will to reincorporate into civilian life," the government decree stated.

A fresh wave of rebel attacks plunged peace talks begun in June between the government and the three remaining rebel groups into doubt this week.

Mr Humberto de la Calle, minister for the interior, said the government remained ready to attend a new round of peace talks with the rebels in Venezuela on August 26.

This was despite the killing of 14 police officers and soldiers and the bombing of five banks by guerrillas in the past four days.

Protesters delay Haiti censure vote

DEMONSTRATIONS and threats forced Haiti's parliament to adjourn hastily late on Tuesday before legislators could vote in a censure debate against the government of President Jean-Bertrand Aristide, Reuter reports from Port-au-Prince.

The fledgling parliament had called in Prime Minister René Preval, an Aristide appointee, for possible censure due to some members' opposition to the new government. If the motion were to be passed, it would mean the appointment of a new cabinet needing parliament's approval.

Mr Aristide, a popular left-leaning Roman Catholic priest, won presidential elections in December. He has alienated many in parliament by choosing intellectuals, Catholics and members of civic groups to form his cabinet.

Invasion of land-snatchers hits Brazil

The landless are taking matters into their own hands, writes Victoria Griffith

TWO weeks ago in the south of Brazil a group of 2,000 unemployed farm workers decided they had had enough. Without a job they had little means of eking out an existence in the countryside. They refused, however, to join the thousands who migrate every day from Brazil's rural areas to its overcrowded cities in search of work.

Under cover of dark they picked up their hoes and sickles and quietly invaded a nearby farm. The plantation's owner fled, and the workers stated they would not move until the government found them some land of their own.

Invasions like these have become almost weekly occurences in Brazil's conflict-ridden rural districts. The landless say they are furious with the government for dragging its feet on promised land reform; the government, for its part, has just refused to negotiate with anyone involved with the invasions.

During last year's presidential campaign, President Fernando Collor de Mello vowed to continue land reforms begun in the 1970s which allocated thousands of plots to landless peasants. The trouble, according to the government, is that it has run out of unproductive government land to give.

Mr Antonio Cabrera, minister of agriculture, says the government will soon start "the second phase of the programme, which calls for the appropriation of non-productive land from private owners".


Urban refugees: Poor children sleep near warm-air vents in downtown São Paulo

According to the minister, such drastic measures are necessary to stem the flood of Brazilians moving from the countryside to over-burdened cities. Over the last 20 years 30m Brazilians have left their rural homes to try to scrape out a living in urban centres.

São Paulo, where 200 families arrive every day, is the most popular destination. With a population pushing 17m, the city is starting to crack under the strain. Poverty, pollution and crime are threatening to run out of control and the city's mayor has warned there is no longer a place to dump rubbish.

Over the last few years Brasília, the capital, and some of the smaller cities in the state of São Paulo have also fallen victim to excessive migration. Shanty towns are beginning to spring up in the once-wealthy capital; areas that were little more than villages have become urban centres almost overnight.

Mr Miguel Reis Afonso, a lawyer who works on behalf of the homeless in São Paulo, says: "The rural workers find that when they get to the city, they can't find a job. They don't have the necessary skills for urban work, so they end up poverty-stricken, and eventually turn to crime to survive."

To some, the idea of appropriating private property to hand over to the poor seems too radical. The landless, however, say a correction of historical injustice is long overdue.

Mr Joao Pedro Stedile, a leading land rights activist, maintains: "Countries like the US had limits on land ownership during the time of colonisation. In Brazil, all the land belonged to the king until 1850.

"Many of those who own land now are descendants of those close to the royal family, or bandits who occupied the land illegally."

The 20 largest landowners in the country control 5 per cent of total private land holdings, according to Mr Stedile. Thousands of acres are held purely for speculation, with 46 companies controlling another 6 per cent of private land.

Mr Cabrera says the government found land for 103,000 peasant families last year and will place another 100,000 families this year.

Mr Stedile scoffs at such claims. "The Collor government has only given us land that we already occupied." He also denounces the government for its attempts to place landless peasants on plots in the Amazon jungle. "First of all, that land is not suitable for farming. Second, we believe it should be preserved as a national park."

Mr Cabrera hopes the government's refusal to negotiate with squatters will end the violence which has gripped Brazil's countryside.

If Mr Stedile and other activists have their way, though, there will be no such respite. "We will only succeed by force," he says. "As long as the government refuses to find a solution to the problem, we will continue the invasions."

Senate sets tough terms for IMF quota increase

CONGRESSIONAL approval for a US contribution to the planned 50 per cent quota increase for the International Monetary Fund is likely to be linked to tight conditions on the fund's relations with the Soviet Union, writes Peter Riddell, US Editor, in Washington.

Republican Senator Connie Mack from Florida has secured Senate approval for an amendment laying down tight restrictions on US support for Soviet membership of the IMF. This would rule out US support for any future quota increase for the organisation, likely to be proposed by the middle of the decade, if the Soviet Union becomes a full member without undertaking a number of specified economic and political reforms.

While the current quota increase cannot go through without US support, Soviet membership of the fund can be approved on a simple majority vote.

The Mack amendment complicates the US Treasury's difficult task in securing congressional approval for the quota increase.

This has not been helped by recent controversy over the large pay increase for Mr Michel Camdessus, IMF managing director, or by the Soviet Union's unexpected, and unexplained, decision to apply for full membership of the fund rather than accept the preliminary stage of special associate status offered by the Group of Seven industrial countries.

The Mack amendment, incorporated without opposition into the foreign aid authorisation bill, is expected to be included next month in the appropriations legislation providing for the quota increase.

The House has not yet provided any money for the IMF.

The amendment demands that Soviet economic reform must include the right to private property ownership, adherence to trade laws, protection of intellectual property rights, and dismantling of central planning and price controls.

The Soviet Union would also have to reduce significantly its defence spending and end economic subsidies, military aid and nuclear power technology transfers to Cuba, North Korea and Vietnam, while ending the transfer of missiles to "terrorist" nations such as Syria, Libya and Iraq.

On the domestic political side, the Soviet Union would have to undertake free and fair multi-party elections for the national leadership, together with good-faith negotiations with the Baltics and republics that choose independence.

Senator Mack said the Soviet Union "should receive a simple message from the US; not one dime from the IMF until serious economic and democratic reforms take place; not one dime until subsidies to Cuba are stopped, and not one dime until Baltic independence is met with talks, not tanks."

PUBLIC NOTICES

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US$ 250,000,000
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Guaranteed by Hungarian Foreign Trade Bank Ltd

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The determination and publication of these figures is solely for the convenience and information of the Noteholders and shall not be binding for any purpose on the Trustee or the Reserve Fund Manager or the Reserve Fund Reporting Agent nor shall it be taken as recommendation on the part of the Company, the Valuation Agent, the Guarantor, the Trustee, the Reserve Fund Manager or the Reserve Fund Reporting Agent to buy, sell or hold investments similar to the zero-coupon obligations of the United States of America or the Reserve Fund Investments.

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G.K.D. LIMITED

Principal place of business:
LANRICK HOUSE, LANRICK ROAD,
LONDON E14

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: Shelley House, 3 Noble Street, London EC2V 7DQ, on 22 August 1991 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below, no later than noon on 21 August 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Signed..................
Date:..............
C J Hughes & M PallosJoint Administrative Receivers

Cork GullyShelley House3 Noble StreetLondon
EC2V 7DQ

WALLACE INTERNATIONAL LIMITED

Registered number: 1701662
Nature of business: Design and Marketing of Continuity Sales promotional programmes and promotional Games.
Trade classification: Other retail
Date of appointment of joint administrative receivers: 2nd August 1991
Name of person appointing the joint administrative receivers: Barclays Bank PLC
C J Barlow and C J Hughes
Joint Administrative Receivers
(Office holder nos 552 and 2041)
Cork Gully,
Shelley House,
3 Noble Street,
London EC2V 7DQ

No. 007461 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
NEW FARM ESTATES PLC

AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 22nd July 1991 confirming the reduction of the Share Premium Account of the above-named Company by the sum of £265,074 was registered by the Registrar of Companies on 29th July 1991.

Dated this 15 day of August 1991.

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

ref: IL
Solicitors for the above-named Company

ADVERA MILTON LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at:- Shelley House, 3 Noble Street, London EC2V 7DQ on 5 September 1991 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

a) they have delivered to us at the address shown below, no later than noon on 4 September 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable:

Signed:.............. Date: 9 August 1991

C J HUGHES & C J BARLOWJoint Administrative Receivers

Cork GullyShelley House
3 Noble StreetLondon EC2V 7DQ

JP MILTON (MANUFACTURERS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: Shelly House, 3 Noble, London EC2V 7DQ on 5 September 1991 at 10:15 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to excerise the functiond conferred on creditors' committes by or under the Act.

Creditors are only entitled to vote

a) they have delivered to us at the addres shown below, no later than noon on 4 September 1991, written details of the debts they claim to to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986: and

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Date: 9 August 1991

CJ HUGHES & CJ BARLOW
Joint Administrative Receivers

Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ.

Note: Creditors may obtain a copy of the report, free of charge, on application to the Administrative receivers at the address shown above.

PERSONAL

WOOL TEXTILES

Exports fall by 25% in troubled UK sector

By Alice Rawsthorn

BRITAIN'S troubled wool textile industry suffered a sharp fall in exports of 25 per cent to £252m in the first half of this year according to the latest figures from the National Wool Textile Export Confederation (NWTEC).

The fall in exports is one of the main contributors to the radical cost cutting that has swept across the UK wool textile industry in the last year or so.

The industry, which is also depressed by the downturn in the domestic market, has lost 4,500 jobs – nearly one in five of its workforce – over the past 18 months.

During the 1980s the wool textile companies, which are still concentrated in the traditional wool towns of Yorkshire and the Scottish Borders, emerged as one of the most successful export sectors in UK manufacturing.

The industry companies now depend on exports for roughly half of its revenue. Some companies, notably the weavers of fine worsted cloth in the Yorkshire town of Huddersfield, are even more heavily dependent on the overseas trade.

One of the main reasons for the fall in exports was the impact of the Gulf War on sales to the Middle East, which has traditionally been an important market, particularly for the Yorkshire weavers.

Mr Geoffrey Richardson, director general of the NWTEC in Bradford, said sales to the Middle East had "collapsed" during the war.

The Middle Eastern countries generally buy cloth worth between £20m and £30m for the UK wool textile companies each year.

The industry was also affected by a decline in the Japanese market in the first half. Japan emerged as a important source of export sales in the 1980s particularly for luxury wool cloth which was sold as corporate gifts.

Other overseas markets, notably the US and continental Europe, were also depressed by the uncertainty caused by the war and the general slowdown in economic activity.

Mr Richardson said almost every company in the industry had been affected to some extent by the fall in exports.

The wool textile sector suffered severely in the last economic recession in the early 1980s.

The surviving British companies have since invested heavily in increasing their overseas sales.

The export market has recovered since the end of the Gulf war, according to the NWTEC, but is still unstable. The level of exports rose in April and May, but plateaued in June.

Mr Richardson described the outlook for the future as "uncertain". He said the industry was divided between the optimists "who expect to see an upturn in the autumn" and the pessimists "who reckon we will have to wait for another 12 months".

Central wins TV franchise with £2,000 bid

By Raymond Snoddy

CENTRAL Independent Television, the UK's second largest commercial television company, which broadcasts to 9m homes, has won back its franchise with an annual bid of £2,000.

The bid, in 1993 prices, amounts to just over £5 a day – about a pound less than the cost of a three course lunch with a glass of wine in the smart staff restaurant at the television company's Birmingham headquarters.

The £5 a day compares with £52,553 a day in pre-tax profits made by the company even in last year's recessionary times.

Mr Leslie Hill, Central chairman and chief executive, gets £345 a day as the first instalment of the special bonus scheme for Central executives depending on "the achievement of specific stages towards success in the (franchise) bid".

Few shareholders will begrudge Mr Hill his bonus as the bid process has called for iron nerves. He judged correctly that when the bidding closed on May 15, Central would be unopposed.

The smaller TVS, the ITV company for the south of England, which knew it faced stiff competition, bid £54.1m a year for its franchise at current prices.

Last month it emerged that Central had bid less than £1m for its franchise and the company's share price rose rapidly – by more than 28 per cent to reach 825p at one stage. Last night they finished 20p up on the day at 815p.

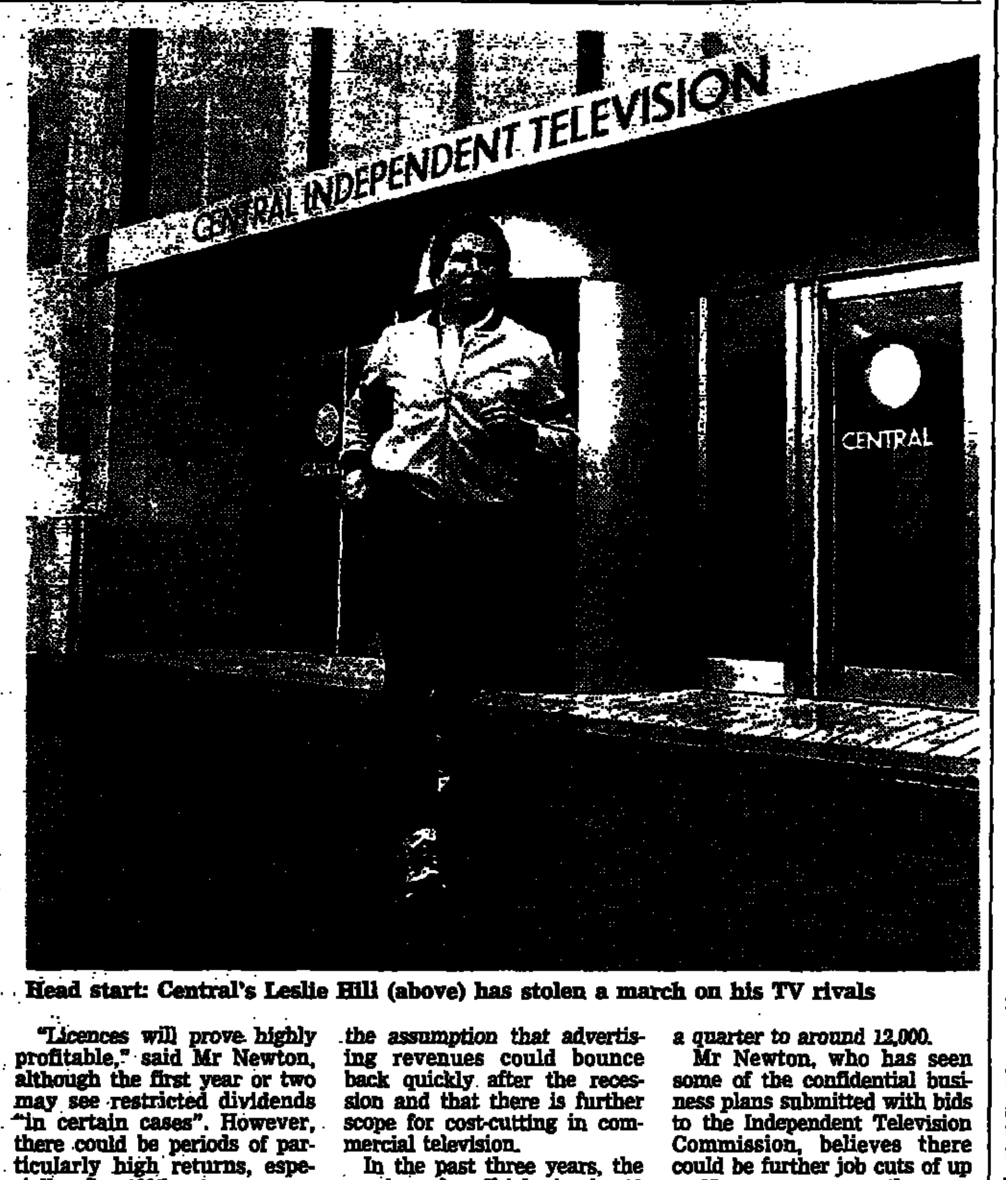
The secret bids were submitted to the Independent Television Commission earlier this year and a decision has been promised on the winners of the 16 licences before the end of October.

Under the ITC procedure all applicants have to pass a quality threshold before the size of the bids are considered.

But Mr Hill had in fact bid just £2,000 – double the minimum permissible amount. The sum will rise in line with retail prices during the 10-year franchise which runs from 1993. In addition to the bid price, Central also has to pay the government a levy of 11 per cent of its annual advertising revenue.

While Mr Hill has a near permanent smile on his face these days, a new stockbroker's report says that the majority of the ITV companies which have placed much higher bids need not despair.

Mr Barrie Newton, an experienced television analyst with Bristol-based brokers Rowan Dartington, said yesterday that, with the possible exception of TVS, virtually all the Channel 3 bids appeared to be well-founded commercially.



Head start: Central's Leslie Hill (above) has stolen a march on his TV rivals

"Licences will prove highly profitable," said Mr Newton, although the first year or two may see restricted dividends "in certain cases". However, there could be periods of particularly high returns, especially after 1995.

His assessment is based on the assumption that advertising revenues could bounce back quickly after the recession and that there is further scope for cost-cutting in commercial television.

In the past three years, the number of staff jobs in the 16 ITV companies has dropped by a quarter to around 12,000.

Mr Newton, who has seen some of the confidential business plans submitted with bids to the Independent Television Commission, believes there could be further job cuts of up to 25 per cent across the commercial television system.

Peugeot Talbot were 'offered subsidies to keep factory open'

By Ian Hamilton Fazey

PEUGEOT TALBOT, the UK subsidiary of Peugeot, the French car maker, was offered substantial subsidies by the government in 1981 to keep its Glasgow factory open, according to Sir George Turnbull, who was managing director of the company at the time.

Sir George , who was knighted last year, says there was a split in the government over the payment, possibly as much as £100m, but cabinet ministers led by Sir George Younger, then Scottish secretary, won. However, the company refused the offer and shut the plant down. Nearly 5,000 jobs were lost, which damaged the the government badly in Scotland.

Sir George, now chairman of Inchcape, the services and marketing group, says his decision was supported by Mr Norman Tebbit, who was then industry minister in Mrs Margaret Thatcher's first government.

Sir George makes his claim in a television programme to be broadcast in the UK tonight. The programme traces the recovery of the car-making business in the UK after Chrysler, the US car manufacturer, sold it to Peugeot for only $1 to rid itself of a loss-making, strike-hit drain on its resources.

The Glasgow factory at Linwood, opened in 1963, had become the company's biggest plant, but was plagued by poor industrial relations. Between 1980 and 1985, Sir George cut the group's payroll from more than 20,000 to under 6,000 and rationalised car production back to Coventry, in the British midlands, where the company made a profit of £106m in 1990-91, despite the onset of recession.

"George Younger insisted that I went to the Cabinet office and have a long discussion," says Sir George. "I won't say how much but he did suggest that maybe the government might offer £100m to keep the place open.

"I said, 'It's not enough.' Norman Tebbit was there and I could see him nodding in the background because he knew, and I knew, that it had to be closed."

The offer surprised Sir George, who had been given a free hand to run Peugeot's UK factories, because it came from a Conservative government. Mr Younger also tried to persuade Mr Jean-Paul Parayre, president of the parent group, but he considered the arguments for only two days before giving Sir George the go-ahead to shut Linwood down.

● Ian Hamilton Fazey, the FT's northern correspondent, is a director of Data TV, an independent production company which made tonight's programme.

Taxation overhaul will simplify system

By David Waller

DRAFT plans for a complete overhaul of the way in which the UK's 3.5m self-employed people are taxed were published yesterday.

The plans are designed to make it easier for taxpayers to understand the tax system, to make the system simpler and more efficient for both taxpayers and the Inland Revenue, and to make it possible for the Revenue to accept the taxpayer's own assessment of his or her tax liability.

The reforms should also enable taxpayers to pay the right amount of tax at the right time without the intervention of the Inland Revenue. The Revenue said that the plans should lead to further reforms to simplify, unify and improve the system of personal taxation.

At the core of the proposals are plans to replace the current system whereby self-employed tax-payers normally pay tax in one year on the basis of profits earned in the previous year.

This, according to the Revenue, is the cause of enormous complexity and tends to ensure that taxpayers do not understand the tax system.

"This results in a large column of letters, notices and demands between self-employed tax-payers and the Inland Revenue," the Revenue said, thereby creating "opportunities for mistakes and opportunities".

Mr Norman Lamont, chancellor of the exchequer, said yesterday in a foreword to the Revenue's consultative paper that the current tax system for the self-employed was archaic and complicated and needed to be reformed, for the good of taxpayer and tax collector alike.

The changes are likely to be introduced in 1995-96 at the earliest.

BRITAIN IN BRIEF

Orders likely to fall in every region

Manufacturers in nearly all regions of Britain expect orders to fall over the next four months, in a finding that adds to the uncertainties about the pace and timing of the expected economic upturn.

According to a survey published by the Confederation of British Industry (CBI) and Business Strategies, a consultancy, only the north of England and Northern Ireland expect to see a rise in orders between now and November, while all the other nine regions predict a decline.

The CBI, however, said the survey pointed to "only a small further decline" in factory orders and output over the next few months, after the large decreases in factory production around the end of last year.

Splashdown: Bathing from most British beaches received a clean bill of health in a report by the National Rivers Authority which revealed that 78 per cent of the UK's bathing waters comply with EC standard. The regulatory body announced that 318 of the bathing waters out of 407 met the pollution standards.

The report, however, was contradicted by a Consumers' Association survey claiming that viruses that could cause illness are contaminating some of the UK's most popular beaches.

Names may sue Lloyd's agency

About 50 Lloyd's Names including some prominent figures from the British tennis world are expected in the next few weeks to lodge a suit alleging negligence by Lime Street Underwriting Agency, an agency which placed them on a number of loss-making syndicates.

Among the Names – the wealthy individuals whose capital backs underwriting at Lloyd's – are former tennis stars, Mr Buster Mottram and his father, Mr Tony Mottram.

Also taking action are 40 Canadian Names, among whom are a number of dentists from Hamilton, Ontario.

Although members' agents have been named in other legal actions by Lloyd's Names this is the first time a members' agency has been specifically targetted. Lime Street handles the affairs of 442 Names.

Inquiry into Tube fire

London Underground has launched a detailed inquiry into a fire on the Central Line on Tuesday evening which trapped up to 2,000 passengers for more than two hours.

Investigators will examine co-ordination with the emergency services and the cause of the fire, which started in a storage container near Bank station and spread to electric cables.

Powergen plans rail terminal

PowerGen, the electricity generator, plans to build an multi-million pound international rail terminal on the site of its disused Hams Hall power station, the company announced.

The plan was formulated after British Rail, the state rail network, said in February it had identified the 880 acre Hams Hall site, which is near Coleshill in Warwickshire, central England, as a probable location for one of the nine Channel tunnel rail terminals it plans to build around the country.

Gap widens on jobless figures

The gap between registered unemployment and figures based on international definitions of unemployment has grown significantly in the last four years, according to an analysis published by the Trades Union Congress (TUC).

In 1987 the difference between the registered unemployed and those defined as jobless in the government's Labour Force Survey was 80,000. But by 1990 it had grown to 360,000, the TUC said.

Registered unemployment figures have long been criticised by the TUC and other because of changes in definition and the application of tougher tests for the unemployed to claim benefit.

Party plans energy tax

The centrist Liberal Democrats have backed the introduction of an "energy tax", varied according to carbon dioxide emissions, as part of a shift in the tax burden away from income and towards resource use.

Mr Simon Hughes, the party's environment spokesman, said Liberal Democrats were the first mainstream UK party to formally propose a energy tax. Figures on the cost of their proposals would not be published until the general election but the party's aim was fiscal neutrality.

Guidelines for railway hours

British Rail is to introduce guidelines on maximum working hours from October 1 amid accusations from rail union leaders that they could endanger safety.

The guidelines result from a monitoring of hours by BR following the Hidden Report into the 1988 Clapham rail disaster in south London which criticised excessive overtime among maintenance workers.

They lay down that none of BR's 130,000 staff should work more than 72 hours a week.

Post Office targets attacked

The Post Office Users' National Council (Pounc), the industry's official watchdog, has accused the government of imposing unrealistic financial targets on the Post Office.

It called on ministers to defer the proposed price increase due next month and urged the Department of Trade and Industry to relax its financial targets for the Post Office.

Mr Tom Corrigan, Pounc chairman, said the proposed increases would bring the total rise in the cost of first and second class stamps to 20 per cent since 1989 – some four percentage points over inflation in real terms.

Record number of A-levels

A record number of pupils in England and Wales have gained A-level secondary school examinations this year but the number sitting exams in mathematics, science, economics and computing declined.

At 695,991, the number of A-level entries was 1.7 per cent up on last year. The proportion of candidates securing grades A to E (77.8) was slightly up on last year.

The largest increases in the pass rate were found in art and design subjects (up 5.4 per cent) and in business studies (up 4.4 per cent). Modern languages were particularly popular: entries in French were up by 13 per cent, and in German by 12 per cent.

Report released on boat tragedy

The official report into the Marchioness pleasure boat disaster is to be published tomorrow - despite protests from the relatives of victims.

They are angry that publication is going ahead even though a private prosecution is about to start against the owners of the dredger Bowbelle which collided with the Marchioness. Families of the 51 victims believe the report will not go far enough.

BCCI SHUTDOWN

Bank that was enmeshed in the fabric of a nation

Christina Lamb in Islamabad on how BCCI made high level and intimate connections in Pakistan

MENTION the letters BCCI in Pakistan and shutters come down. Since its founding by a Pakistani 19 years ago the bank has become part of the Pakistani establishment, acting as banker in the highest circles and several times lending money so that the government could overcome balance of payments problems.

In Islamabad's ministry blocks long faces identify senior civil servants whose kickbacks were deposited with BCCI abroad, whose sons had jobs or scholarships from the bank and who hoped to retire on a BCCI retainer.

Pakistan's president runs the BCCI Foundation which functioned partly as a tax shelter, the prime minister's family and many ministers had loans with the bank, military officers had their sons employed with it, while the government has on several occasions been saved from a foreign exchange crisis by BCCI.

Given these intimate connections it is not surprisingly that Pakistan has been reluctant to take a close look at the operations of BCCI and has vigorously defended the bank and its founder Agha Hasan Abedi.

"BCCI is the dark side of the Pakistan establishment with Abedi the spider at the centre of the web" claims Mr Salman Taseer, an accountant and opposition politician.

The story of how BCCI became so enmeshed in the fabric of Pakistan society provides a vivid illustration of the methods developed by Mr Abedi and later employed the world over to produce the phenomenal growth of his bank and its ultimate downfall with at least $5bn (£2.9bn) unaccounted for.

Its method was simple. A former director of BCCI and United Bank Ltd (UBL) where Mr Abedi began, explains; "Everyone has one weakness whether it be pretty women and dancing girls, money, jobs for constituents, a monument to their name – the problem is only to identify it."

"BCCI is the dark side of the Pakistan establishment with Abedi the spider at the centre of the web," claims Mr Salman Taseer, a opposition politician

Once that weakness had been identified in a targeted official BCCI would oblige, often through its now notorious protocol department, knowing that even if the recipient had nothing to offer BCCI at the time in future it may be useful to call in the favour.

This system is so much a part of Pakistan's life that it even has a name – sifarish – and is often blamed as a legacy of the centralised British colonial system. It can be witnessed by the crowds of people forever present outside homes of politicians or offices of bank managers hoping to gain favour to obtain jobs, licenses or loans.

Corruption flourished in General Zia's Pakistan when after seizing power in a coup in 1977 he needed to pay off politicians and generals to stay on top. It was of assistance to Mr Abedi that he and Zia became close friends and that in 1978 Zia's son Ijaz joined Bank of America, then a shareholder of BCC. BCCI helped provide funds for pay-offs and the creation of the MQM, an ethnic party in Sindh, aimed at destroying the hold of Zia's opponents in Benazir Bhutto's Peoples Party.

At the time Mr Abedi's best client Mustafa Gokal received a ministerial job.

Prior to General Zia Mr Abedi's relations with Pakistan's establishment had been less smooth. In 1972 when UBL was nationalised his name was placed on an exit control list by the then prime minister Z.A. Bhutto. Mr Abedi worked hard to regain his passport, later rewarding some of those who had lobbied for him with retainers when they were in exile. He won Mr Bhutto over by persuading his Abu Dhabi sponsor Sheikh Zayed to set up a foundation in Pakistan including a hospital in Lahore and two newspapers in Bhutto's home province of Sindh.

The naming of Mr Ghulam Ishaq Khan (now president) as head of the BCCI Foundation when it was set up in 1981 was thought to be repayment for Ishaq's refusal as Governor of State Bank in 1971 to allow a faction of the Saigol family which owned UBL to replace Mr Abedi, then its president. The project which has benefited most from the BCCI Foundation is the Ghulam Ishaq Khan Institute.

Mr Abedi established a network of people in Pakistan who owed him a favour and are now his staunch defenders including senior military officials

Mr Abedi has used the Foundation to give a humanitarian cloak to his dealings. Stories abound in Pakistan of the numerous people it has sent for operations or Haj pilgrimages but in reality only a fraction of proceeds have gone to charitable projects.

Mr Akhtar Hameed, who heads the best known of these – the Orangi project to improve conditions in Karachi slums – believes Mr Abedi's main aim was self-promotion and says "he wanted to capture people in his zoo".

Over the years through the "BCCI Method" Mr Abedi established a network of people in Pakistan who owed him a favour and are now staunch defenders including senior military officials who credit BCCI for enabling the import of components for the country's nuclear programme.

Most virulent in decrying the BCCI closure as a "Western conspiracy against a Muslim Bank" are those with accounts at BCCI branches abroad - until this February completely illegal.

In a country where whole sectors of the economy do not officially exist and the black economy is as large as the white people cannot understand the outcry at BCCI's system of unregistered deposits.

Pakistan's most flourishing system for moving money is hundi, an underground banking network run from small shacks in Peshawar and Karachi in which, like BCCI, no questions are asked.

Nor is there any surprise that many of BCCI's loans were for nonexistent projects or schemes whose chief merit were their political connections. In 1988 one billion pounds in loans were declared non-performing by Pakistan's nationalised banks and financial institutions.

WORLD ROUND-UP

Egyptian affiliate transferred deposits to other branches

CAIRO: The Central Bank of Egypt has revealed that BCCI's Egyptian affiliate, Bank of Credit and Commerce Egypt (BCCE), transferred more than two-thirds of its deposits - some $376m - to BCCI branches in London and Luxembourg before its operation came under government provision earlier this month.

Central bank sources, however, would not confirm Egyptian press reports asserting that six other Egyptian banks had deposited $600m with BCCI overseas, bringing the country's total exposure to nearly $1bn. During the 1980s, Egypt's Faisal Islamic Bank is believed to have lost over $360m to failed BCCI-managed banking operations in the Caymen Islands.

On Sunday, President Mubarak met with financial advisers to discuss a new law to regulated banking. Mr Mubarak said his government would not permit the collapse of any bank in Egypt, and called for other banks to join with the central bank in supporting the BCCE.

With 80,000 customers and deposits of $540m, BCCE was the ninth largest bank in Egypt. It also serviced a reported 65 per cent of the country's credit-card market. BCCI has a 49 per cent share in the bank, with the remainder held by Egyptian interests.

Following a $50m run on the bank in July, withdrawals were limited to $1,000 a week per depositor.

Legal challenge dismissed

LUXEMBOURG: A Luxembourg court dismissed on technical grounds a legal challenge by Bank of Credit and Commerce International against the decision earlier this month to put the bank's Luxembourg operations under administration, court sources said.

The decision means that BCCI Luxembourg operations will remain under a three-man administration appointed on August 1.

MANAGEMENT: Marketing and Advertising

Smoke gets in the EC's eyes

Philip Rawstorne explores the effectiveness of a proposed all-out ban on tobacco advertising

The European Commission's plan to ban all tobacco advertising, except at the point of sale, has generated much heat and little light.

But as the proposals are now mulled over by four committees of the European Parliament – covering health, consumer protection, economic, legal, youth culture, sport and media affairs – one conclusion emerges.

The effects of an advertising ban on the commercial operations of the tobacco industry can be predicted with much greater certainty than its effects on smokers' habits.

More evidence is needed to support the basic premise on which the proposed ban is based – that advertising encourages people to begin smoking and increases total cigarette consumption.

The evidence against is not conclusive; but so far it has been more persuasive.

Brand advertising of the kind used by multinational tobacco companies has clearly not affected overall demand in other mature markets.

Michael Waterson, research consultant to the UK Advertising Association, says: "Between 1978 and 1987, brand advertising for beer rose in real terms by over 80 per cent. In that period beer consumption fell by 14 per cent.

"In the UK spirits market during the same period, advertising spending rose by over 70 per cent, yet sales fell by 4 per cent. By contrast, in the wine market, adspend per litre fell by 26 per cent, yet sales soared by 65 per cent."

Normal brand advertising neither attempts to stimulate sales of the product type as a whole; nor does it target people who are not in the market for the product, Waterson says.

Far from providing a constant stimulant to greater overall consumption, it frequently fails in its objective of defending or increasing market share.

The tobacco companies have cited the rise in cigarette consumption in a number of countries where advertising bans have been introduced as further evidence of their failure to curb the habit.

Cigarette sales in Norway are now 58 per cent higher than they were in 1975 when advertising was banned. In the Soviet Union and eastern Europe, where tobacco advertising has been virtually non-existent, cigarette consumption rose 17 per cent between 1975 and 1989.

Demographic, economic and other factors may have played a part in the rise in consumption in such countries, or in the decline in less tightly-restricted markets such as the UK and the Netherlands. But that would only confirm that the reasons why people start to smoke, and continue to do so, are more complex than exposure to advertising.

"As in many other areas, it seems the influence of advertising on behaviour has been vastly overestimated," Klaus Grunert, professor of marketing at the Aarhus School of Business, Denmark, concluded in a review of research on the issue last year by the International Journal of Advertising.

Despite these doubts about the relationship between advertising and cigarette consumption, the tobacco industry recognises that selling cigarettes in Europe is not going to get any easier.

"We are not opposed to regulation," says Paul Maglione, European director of communications for Philip Morris. "But we believe that effective voluntary systems of control are operating in Denmark, Germany, the Netherlands and UK."

The first to benefit from a complete advertising ban in the EC, Maglione says, would be the state-owned tobacco monopolies of France, Italy, Spain and Portugal. It is no coincidence, the tobacco multinationals believe, that the governments of these four countries are leading the moves for a clampdown.

"Total bans currently exist, for protectionist reasons, in those countries with state monopolies," says John Lepere, chairman of the Confederation of European Community Cigarette Manufacturers (CECCM).

"A ban on advertising would remove the principal means of competition between manufacturers."

The first effect would be to freeze market shares. But only a total ban, effectively implemented, would be likely to freeze market shares for any length of time.

Tobacco companies have been adept at switching marketing tactics. After the advertising ban was introduced in Italy, Philip Morris found other means of promoting the Marlboro brand – including the use of the brand name for leisure-wear. Sales of Marlboro clothing in Italy amounted to L14bn (£6.4m) in 1989, according to Euromonitor, the market research agency.

Helped by such means, Marlboro cigarettes have been gradually eroding Monopolio di Stato's grip on the market. Marlboro is now the second largest brand and Philip Morris products in total have a 40 per cent share.

Other cigarette manufacturers have employed the same tactics. "Sales of clothing, alcohol, motorbikes and holidays using prominent cigarette brand names are estimated to have been worth around L50bn (£22.9m) last year," says Euromonitor.

The EC plan to stop such use of cigarette brand names is one that is most strongly opposed by the industry. "It is an accepted commercial practice to use intellectual property assets established in one area of activity as a basis for entry into a new area," says Lepere. "There can be no justification in a free market economy to deny these legitimate and widespread commercial practices to tobacco manufacturers."

It is difficult to see how the EC legislators could separate Dunhill and Cartier luxury goods from Dunhill and Cartier cigarettes; or police the televising in Europe of a sponsored Grand Prix race in Brazil.

But if cigarette manufacturers were to be denied such marketing methods along with other forms of advertising, it would become progressively difficult not only to maintain brand loyalty but to launch new products. The tobacco industry argues that it would be prevented from informing consumers about the availability of new low-tar brands, for instance. Line extensions such as Imperial's recent launch of low-tar JPS Lights in the UK would be far more difficult.

The influence of advertising on new product development, it claims, is illustrated by the contrast between west and east Germany before unification. The average tar yield of cigarettes in the west (with advertising) was 13 mg; in the east (without adverts), it was 24 mg.

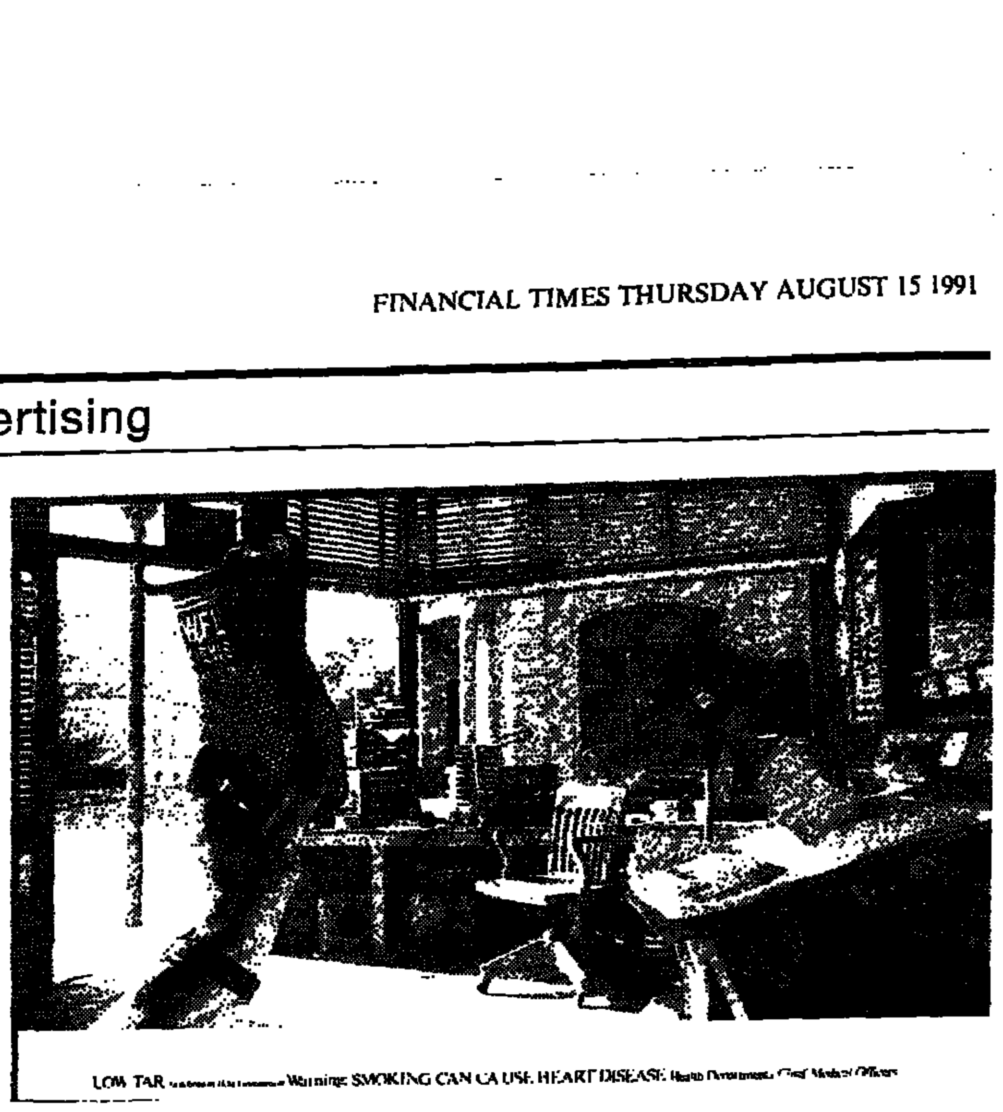
Packaging and presentation at the point of sale would be the only means of differentiating brands under the EC proposals. Variety of packaging design might help to refresh brand images; but in the US and elsewhere moves have already begun to curb attempts to attract smokers in this way.

Direct marketing would allow tobacco companies to communicate directly, and unostentatiously, with its audience of smokers. According to some marketers, it would be just as effective in maintaining brand loyalties as media advertising – and at a fraction of the cost. There is some speculation that UK tobacco companies are building consumer databases for a move in this direction.

If the EC blocked this marketing path along with all the others, the industry says that the only way to compete would be by price.

The prospect of a discount war, in which the consumer is offered cheaper and cheaper cigarettes, can be no more appealing to the anti-smoking movement than to the tobacco companies.

This concludes the series of articles on the impact of EC directives on the advertising industry. Previous articles appeared on June 20, 27 and August 1.



Tactical flexibility: advertiser adopts the casual approach, but the warning is unchanged

Why Marlboro has warmed to the colour red

Colour coding: the new men from Marlboro

You are strolling down a German high street minding your own business when two men dressed from head to foot in bright red suddenly appear. They wear red shoes, suits, and bowler hats and move and speak slowly, if at all. No, they are not lunatics or exhibitionists. They simply work for Marlboro, the big US cigarette company.

This summer, seven German cities are being subjected to a promotion using red, the colour on the lids of the cigarette's distinctive flip-top packets. Philip Morris GmbH, the Munich-based German operation of the US group which owns Marlboro, seems to have been somewhat surprised, however, by some of the implications drawn from the programme, which is confined to Germany.

The company bristles at suggestions that this can in any way be regarded as a replacement, actual or planned, for its traditional advertising campaigns in the face of EC proposals to ban most cigarette advertising. In Germany, the cowboy advertising campaign is still permitted – unlike in the UK, where it has fallen victim to a voluntary code, Italy, and Portugal – and is unaffected by the latest promotion. The adventure campaign, featuring bone-jarring jeep and motorcycle rides through rugged, breathtaking American landscapes, is also popular on German cinema screens.

The "Marlboro is Red" scheme was dreamed up by TBWA/Holmes Knight Ritchie, a London agency. The makers of Marlboro, by far the most popular cigarette in west Germany, have also taken the promotion into the discotheques where special performances are organised and guests who happen to be wearing an item of red clothing are taken for rides round the town in American stretched limousines, complete with drinks and videos.

The promotional campaign is concentrated on west Germany, although the Berlin disco night happened to be in the city's east where the fashionable Tresor (vault) establishment is located in an old bank building near what used to be the border. The other cities receiving the attention of Marlboro's 40 red men are Munich, Frankfurt, Düsseldorf, Cologne, Hamburg, and Stuttgart.

"You have to think of something special to get people's attention these days," says Udo Wolff, Philip Morris's German and European manager for governmental relations. The promotion is supported by advertisements in style magazines and local publications. These show a bright red rectangle inside a white border. Underneath are the words: "Marlboro is Red. Red is Marlboro". The two sentences are separated by the red emblem of the cigarette packets. "We wanted to make Marlboro and the colour red a talking point," adds Wolff.

The breathless language of the company's own press material makes that clear. "Red is warmth and energy. Red is impulsive, eliminates the inessential, concentrates on reality – life. Red stands for liveliness, dynamism, and change." Clearly, Marlboro has no objection to having these powerful claims for the colour linked to cigarette smoking.

It goes further. "Mobile, urban art forms, happenings, and events build a completely new area of experience around the classic Marlboro Red. Red is more than a colour." For Marlboro, it certainly is. The well-known Marlboro packet design dates from the 1950s when red was the classic advertising colour. Black was the colour of the 1980s, Marlboro says. In the 1990s, bright colours are coming back. Whether or not Marlboro repeats its seven-city programme of red men popping up to surprise, alarm, or delight, the jaded general public in the lethargic summer months will no doubt depend on how sales react. But whatever Marlboro does with the colour red, the cowboy is a fixture of its German marketing policy. If he does finally have to ride off into a smokefree sunset, whipped on by officials in Brussels, he is still likely to be seen in international magazines published outside the EC but sold in Europe.

Andrew Fisher

TECHNOLOGY

Computer boards bus in London

In the Citizen's Charter, announced last month, British prime minister John Major outlined plans for the deregulation of London Buses. Those few lines present an enormous technical challenge for the bus company, which carries 3m people around London every day.

The problem is how to provide the computer support needed today by its 13 divisions and yet manage the change in requirements so that they will be able to compete effectively in future. Its solution has been to award a three-year contract to computer services company Hoskyns to run the support system.

The task for Hoskyns is to support a network of 60 HP3000 minicomputers – the largest network of remotely-managed Hewlett-Packard computers in Europe – which are spread around the London region. Each operating company within London Buses – 11 of those run the actual bus services on the 495 London routes – runs its own computer system, using standard hardware and software supplied in the past by the central IT department. As well as such tasks as accounting and stock-taking, the companies use sophisticated scheduling software to make the optimum use of their 5,400 vehicles and their crews.

From now on Hoskyns, which employs the 39 staff who formerly worked for London Buses, will provide software upgrades and maintenance.

The goal for Hoskyns will be to persuade the operating units to put more work its way once de-regulation – and probably privatisation – takes place. "Our job is to work with each company to develop a business plan and work out what computing they want," says Tony Robinson, joint managing director of Hoskyns.

The computer systems are not the first element of London Buses' technology support to be contracted out. Maintenance of the ticket machines and the operation of the packet switched phone network, which links the computers together, is now carried out by outside organisations, says Mike Heath of London Buses.

Della Bradshaw

John Gapper describes the relationship between Pirelli's workforce and its computerised factory

The fine art of flexibility

People still control the machines at Pirelli's state-of-the-art computer-integrated cable-making plant in Aberdare; it may soon be the other way round. The prospect is unnerving even for John Siney, the plant manager. "At the moment, people believe there is a degree of freedom – they are not totally submerged in the system. I am a little afraid of it, quite honestly," he says.

The step that Siney ponders is letting the computer system at the South Wales plant control its human resources as clinically as its raw materials and machines. Each employee reporting for work would clock on with an electronic card holding details of his or her skills. The computer would then allocate teams of workers to various tasks throughout their shifts.

It would be the culmination of Pirelli General's investment in a technological experiment. The £27m plant makes the company's simplest range of cables on its most sophisticated production line. If it works, then all Pirelli's plants could follow its lead in the next century. But the new relationship between people and technology at Aberdare has had its teething troubles.

One might not guess so from comments by the 160 workers, employed under a single union deal since the plant opened in 1986. Many worked at Pirelli's former plant on the site, which made more complex cables, and had stormy industrial relations. "We used to walk out of the gates like sheep. I don't think I'd want to work anywhere else now," says Mike Thomas, a production worker.

But despite a consensus that the new world is better than the old, it has had difficulties. Machine breakdowns and stoppages have limited output, and so made it hard for workers to gain the range of skills on which the innovative pay system is based. Some workers say the company's drive for flexibility above all has damaged work quality because people move around so much.

Yet the vision of what the plant could achieve if these flaws are ironed out in the way managers intend remains enticing. The company would have taken an old loss-making plant with a multi-union agreement in an area of industrial militancy, and replaced it with one in which machines control the most flexible line imaginable on which all employees work interchangeably.

Pirelli General, a subsidiary of Pirelli UK, started from scratch on the same site after it opted to close its specialist cables plant and relocate the capacity near its Hampshire-based head office. It decided to retain a presence in Aberdare, partly influenced by the offer of local grants, and partly because of the company's importance to an ailing local economy.

The possibility of leaving and the need to cut its workforce from a peak of over 400 gave it leverage with unions and workers. It insisted on a new single union agreement, eventually signed with Matsa, then the white-collar section of the GMB general union. It also imposed a recruitment process which allowed it to choose the most adaptable and enthusiastic workers.

The company devised an IBM-based computer-integrated facility in which robotic vehicles deliver drums of copper wire to machines which automatically extrude and spin cables. At the heart of the technology is a Plant Operations Management System (Poms) which manages the 15,000 square-foot shopfloor. It guides machines, monitors quality and controls the inventory.

Alongside the technology, it drew up a personnel policy which it hoped would integrate people with machines. There are only two grades of worker below management: A and B. They earn a salary of £9,000 and £11,000 respectively, and can boost wages by acquiring a selection of 20 skill "modules" covering different functions. The salaries rise by £300 for each module acquired.

The principle was that Poms would control all aspects of production from raw materials to people, combining them in the most efficient mix at any time of the day. It would be a "real time" version of scheduling in supermarkets, which use computers to devise rotas based on the skills of each worker. A Pirelli employee might be moved by Poms like a drum of copper wire.

The company saw a number of personnel advantages in computers controlling production. One was that it would reduce the need for supervision – there are no foremen or chargehands at Aberdare. "The producer [employee] controlled the process in the past, and had to be exhorted to go faster or do more," says Siney. "We have taken away the control, so there is no need to exhort."

The company insists this removal of control of the labour process is not synonymous with de-skilling – a common criticism of new technology. "We have not de-skilled the job. We have freed up the person to make judgments. He organises his time and decides which tasks he should get involved in," says Siney.

Ashley Ashwood

Pirelli worker operates the computer-controlled extrusion line

Pirelli also hoped that the incentive to work flexibly through the skill-based pay system would encourage workers to accept the role of machines. "There are no job descriptions, there are no jobs. That is the vision we are trying to make reality as quickly as possible," says David Yeandle, Pirelli General's corporate personnel manager, who helped to plan the plant.

The company has made progress towards its vision. One token of that is the level of trust between the union and management over issues such as pay talks. Early this year, Siney told David Brown, the GMB branch secretary, that a set sum of money was available and the union could help decide how it was shared out. It opted for an £8 a week flat rate rise for everyone.

But as in all attempts at utopias, there are catches. The plant's workers take a more pragmatic view of the technology than its managers: they are more disillusioned by its practice than afraid of its potential. "I don't know about us losing control of our jobs. The only thing out of control here is the computer," says Jack Prince, a 52-year-old production worker.

After several computer breakdowns, Prince insures himself by noting down on paper figures from the computer screens by the machines. There has also been an annoying series of mechanical failures. "Its the niggling details that go wrong," says Siney. "Its not the system, or the concept or the people." He had to replace one part in a cable-insulating machine 15 times.

The upshot is that the plant has not made the quantity or the range of cables which would require workers to use the number of skill modules managers envisaged. Until it is consistently working at a higher rate, they will not attempt a final switch to computer control of human resources. That in turn may require a higher level of consumer demand than today's sluggish market.

Some workers have been worried both by the effect on quality of the incentive to move around the plant constantly, and by the apparent unfairness of having workers who are working alongside each other being paid at different rates. "I would be quite happy to stay where I am, but I have to move around to get more money for the different skills," says Thomas.

Although the company is wary of watering down any incentive for individual flexibility, it accepts that it may not have built enough incentive for team working into the pay structure. Yeandle says it is considering an improved method of rewarding team working. "I think we have to look at incentives for the general concept of team work and flexibility," he says.

The mechanical teething troubles of the plant and the sag in demand for building wires have enforced a breathing space. "We want to have a bit more time to think before we take the step that frees people up," says Siney. Only then will the company find out whether technology truly emancipates them, or imprisons them in the grip machines.

Australian fuel receives injection

By Michael Kenward

Electronic fuel injection has finally arrived for cars that run on liquified petroleum gas. An Australian company, Biocom, based in Adelaide, has developed an electronic fuel injection system that carefully meters the fuel and optimises the flow of gas into the engine.

LPG is to Australia what diesel fuel is in other countries, with some 270,000 cars burning LPG. Most of the country's taxis and many private vehicles run on LPG. Cars that run on LPG are more efficient than petrol-engined vehicles, and cost half as much to operate. Vehicles which are fuelled with LPG also produce less air pollution.

Despite these advantages, and the widespread availability of LPG in Australian petrol stations, no car manufacturer sells vehicles set up to operate with this fuel. The situation is similar in Canada and Holland, where a substantial number of vehicles burn LPG.

Anyone who wants to run a vehicle on LPG takes it to a custom conversion company, where petrol-engined vehicles are modified to run with both LPG and petrol.

The cost of converting a petrol engine to burn LPG is around A$1,800 (£820), which taxi drivers expect to recover in just three months. The market for conversions amounts to some 30,000 vehicles a year in Australia.

Adapting a car for LPG involves installing a tank to hold the fuel, and adding fuel pipes and a vaporiser to carry the fuel into the engine. Until recently, the technology of LPG vaporisers had been unchanged for at least a decade.

Conventional LPG systems vaporise the fuel before it enters the engine, which wastes the heat produced as the fuel vaporises, reducing the engine's power and efficiency. With gas entering, it is difficult to get enough air into the fuel/air mixture. With the electronic fuel injection system, more oxygen enters the cylinder with the fuel.

Gas injection of LPG also loses motorists the improved control that comes with electronic fuel injection. As well as better driving control, electronic fuel injection is necessary for advanced catalytic converters.

These measure the amount of oxygen in the gases going to the converter and adjust the fuel injection to minimise the pollutants in the engine's exhaust. Without electronic LPG injection it would be difficult for cars to keep up with increasing demands for pollution control.

Chris Moore, managing director of Biocom, claims that the new LPG injection system will produce a 20 per cent improvement over engines that vaporise the gas before it enters the engine. He believes that the new LPG system will be 5 per cent more efficient than petrol engines.

Biocom's fuel injection system uses a microprocessor to control the flow of fuel into each cylinder. The computer takes measurements from a number of sensors and adjusts the fuel flow depending on the temperature and pressure of the LPG and the amount of oxygen in the exhaust.

The LPG controls also take account of the signals from the computer that control the car's petrol fuel injection system. In effect, the LPG computer calculates how much energy the engine needs to operate and keeps the injector open long enough to feed in the right amount of fuel.

Biocom operates a number of vehicles equipped with the new system. Tests on a Mitsubishi Magna, carried out in association with researchers from the University of Adelaide, showed that LPG and petrol gave the same performance. That was before the researchers optimised the LPG injection system. Moore believes that they will now be able to improve the performance of the LPG system by optimising the timing.

The company is discussing the use of its LPG injection system with a number of car companies in Australia, including General Motors and Ford which provided Biocom with vehicles, engines and test facilities.

The car makers are considering the possibility of selling LPG fuelled cars themselves. Biocom also hopes to license a company to market the technology in North America.

ARTS

Arnie's gotta do what Arnie does best

TERMINATOR 2 (15)
James Cameron

PARIS TROUT (18)
Steven Gyllenhaal

TRULY, MADLY, DEEPLY (PG)
Anthony Minghella

BFI NEW DIRECTORS
Various

ELVIRA MADIGAN (PG) (18)
Bo Widerberg

It is a hard life being a terminator. In James Cameron's *Terminator 2* Arnold Schwarzenegger is hurled naked into Los Angeles from the future to do what a terminator's gotta do. This, essentially, is to terminate other terminators. A beautiful woman (Linda Hamilton) whose son is a Siegfried-like hero-to-be, hopes that the evil T-1000 cyborg (Robert Patrick) who is chasing Junior around 1997 LA, will be nobbled by the good T-800 cyborg (Schwarzenegger) who has caught the time-space shuttle from a future civilisation.

Judged by his clothes allowance, Schwarzenegger's hero is paid markedly less for his work than the actor himself received for this $90m movie, the costliest in history. Arnold's fee is variously reported to have been $15m and/or a private Lear jet and/or a combination of the two.

He deserves the money for walking unscathed through the special effects. *Terminator 2's* trick photography and action stunts must be seen to be stupefied by. Around reel 80 – I was becoming too concussed to count – Big Arnie and Biggish Mr Patrick were still galumphing through streets, docks and futuristic factories biffing each other. But instead of simple fisticuffs we have people turning into chrome-metal warriors before our eyes, their arms reshaping into metal pincers that pinion enemies to the wall or pierce them through the head. And instead of car chases causing minor bodywork damage, we have Armageddons of the automobile, wild *walpurgisnachts* of metal and manpower.

No special effect can outshine, however, Schwarzenegger himself. There is the Mr Universe build. There are the Aku-Aku features. And there is the Hollywood-Austrian voice, somewhere between Kurt Waldheim and Sig Rumann. Schwarzenegger does not say much, but when he does it is short, pithy and fluent in several languages. This is all thoroughly entertaining. As star-powered rollercoasters go, *Terminator 2* goes like a white-knuckle dream.

★

Paris Trout, unlike *Terminator 2*, is a film we are expected to take seriously. Violent and sinister things are happening in small-town Georgia in 1949. A rabid fox bites a little black girl. An apparently demented loan-shark (Dennis Hopper) shoots another black girl and her mother. Then Mr Hopper, playing the titular Mr Trout, goes home and continues to make life difficult for wife Barbara Hershey. When not half-drowning her in the bath, he is buggering her with an uncapped soda bottle.

Welcome to the American South. Playground of the id, it is the only place in the world where life-threatening lunacy is allowed to walk about without a collar and leash. Directed by Steven Gyllenhaal of (inter alia) *Twin Peaks*, and scripted by Pete Dexter from his own novel, *Paris Trout* is powerful in the many small intervals when it is not being potty.

The pottiness includes a novelettish romance between Hershey and Ed Harris as Hopper's lawyer, who draw long, sensual Southern vowels over themselves like bedsheets, and director Gyllenhaal's determination to pour smoke-effects into every interior scene.

The power is mostly Hopper's. As with many actors who have no necks, his emotions go straight from his heart to his brain without tiring themselves on the way. His attempts at wife-murder are accompanied by honest, reasonable explanations – "Till death us do part, that's the arrangement!" – and as in *Blue Velvet* the bulbous, bomb-shaped head seems to harbour all the world's explosive nastinesses. He is *Paris Trout*'s triumph. Its tragedy is that no one and nothing else matches his incendiary inwardness.

★

My Cannes notice of Anthony Minghella's *Truly, Madly, Deeply* brought a hurt letter from its writer-director.

Blazing away: Schwarzenegger in "Terminator 2"

Appalled as we critics are by the thought of causing distress, I re-examined my memory, notes and review. Regretfully, I found only one unjust word. I called the film "unwatchable". That has to be untrue since I watched it.

Juliet Stevenson's lover Alan Rickman has died. In the intensity of her grief she summons back his ghost. But their renewed passion is somewhat sepulchral, unhelped by the fact that he has brought his mates with him from beyond the grave. Stevenson's house is soon filling up like free-pint day at The Mortician's Arms. What can a poor girl do?

She could urge the director to inject some cinematic values into the movie. Its genteel TV-drama literacy suggests it should be roaming the small screen rather than the large. Cinema is all about elastic audio-visual daring: we should sense, even when we do not experience, an expressive range that can extend from microscopy of the human soul to magnified vistas of the human planet.

Minghella's movie technique is frozen in a maiden-auntish middle range. People move around rooms talking and the camera follows them. Since his mise-en-scene cannot express or imply extremes, his dialogue must. "I miss him! I miss him! I miss him!" sobs Stevenson to her shrink. And when the living corpses mass in her house to watch TV, the blandly presented visual joke is not enough without Stevenson piping up to Rickman: "You mean to tell me dead people are in my living-room watching videos?"

The film has been eulogised in America and no movie with Alan Rickman can be all bad, even when he is cast as a dead cellist suffering from chronic if posthumous sentimentality. But despite the big emotional themes Minghella tilts at, from bereavement to life-rebuilding, the keynote remains cosiness.

★

Each year the British Film Institute hands out £25,000 apiece to a group of aspiring film-makers. They can spend it on any project they choose in any genre, format or length.

With a sum this modest, insolvency is usually reached at around the 30-minute mark, though imaginative bankruptcy can strike much earlier.

Happily it strikes not at all in the 1991 New Directors programme, now showing at the Metro and soon to be seen on Channel 4. At their worst, the films are a touch trend-enslaved, like Vivian Albertine's *Coping With Cupid*, in which three blondes from outer space search for mortal love and find feminist truths. At their best, as in Chris Newby's *Relax* and Richard Heslop's *Floating*, there is a real sense of new cinematic possibilities.

Both films are grim-looking oysters containing gorgeous pearls. *Relax* is an Aids-era nightmare about a Londoner awaiting his HIV-test results. Shot in black-and-white, it zigzags through its crazy-paved narrative, disorienting us into a poetic confusion between the life-affirming intimacy of love and the deathly intimacy of the doctor's examining-room. *Floating* is a brilliant expressionist caprice. A middle-aged bus-driver decides a second great flood is coming, so he wrecks his flat to build an Ark. His wife looks on aghast; his children giggle nervously; the audience marvels at the fish-eyed visuals, perpetual-motion camerawork and human-aquarium world-view.

Even the BFI programme's documentary offerings – Gavin Hodge's *Zygosis*, about photo-monteur John Heartfield, and Sandra Lahire's celebration of Sylvia Plath *Lady Lazarus* – show a grammatical daring with techniques like multiple exposure and animation. On tiny budgets Britain's filmic future may be being incubated here. If so, let us keep watching the heart-monitor to ensure that that future does not "flatline" as so often before.

Elvira Madigan has certainly flatlined. Bo Widerberg's 1967 romance about a 19th-century Swedish officer and his tightrope-walking love was once thought the arthouse pulse-racer of its time. All those summer strawberries, all that sunkissed skin! All that designer doom as the world conspires against our brave canoodlers. Alas: the film now looks like a toilet-paper commercial with tragic pretensions. *Sic transit* movie glory.

Nigel Andrews

Valentine's Day

MINERVA STUDIO, CHICHESTER

Edward Petherbridge is one of the last actors you would expect to find in a musical. His characteristic manner is too low-voltage; and his persona is that of a delicate observer of life's parade, not a participant. Yet his performance in *Valentine's Day*, this new musical adaptation of Bernard Shaw's *You Never Can Tell*, is the evening's one thoroughly adorable feature. How come? Because he brings to music the same qualities that make him so fine an actor.

He plays here William, the head waiter. "You never can tell," he sings – it's his big number – and then he breaks into a soft-shoe dance. No, not a real dance; just a little phrase; and a turn . . .; well, a hint of tap too, then; only a sketch, mind, not a big number, not really; oh no . . .; but yes, don't you agree that this step now is rather fun? Just as the great tap dancers used to perform on a layer of sand, William sprinkles a little salt and pepper on the floor and dances on that. If he had his life to live again, this waiter would be Jack Buchanan.

Petherbridge doesn't overdo a single thing. Indeed, he amazes you that he can do so much. His singing is musical but sometimes ill-tuned and always frail. Still he leaves you longing for more. *Valentine's Day*, conceived and adapted by Benny Green, who also wrote the lyrics, and by David William, and with music by Denis King, is here at its best. The lyrics are urbane, and the tune – so right in this turn-of-the-century setting – belongs to the tradition that spans from music-hall to *My Fair Lady*.

The rest of *Valentine's Day* is not on this level. This is partly because Green and King handle the main themes – the conflict of romantic love and female independence; differences of class and income; parental authority – with a kind of glibness that is less near Shaw's original than a Sondheim show. There are series of short lines with displays of pat rhymes; and dramatic tensions that are handled more for smart lyric neatness than serious dramatic development; and not enough melodic flowering.

These qualities, however, might be less obvious in another staging and with other players in the roles most central to the plot. Fiona Fullerton has the perfect looks for the key role of Gloria: the beautifully decisive bone-structure, the pallor, the bright eye, the erect waist and neck. But the more unusual her situation, the more conventional her performance becomes. Gloria's dilemma never becomes interesting; and without it the Shavian essence evaporates.

Judy Parfitt takes her second period feminist role this season as Mrs Clandon, but shows no new aspect of herself (apart from her singing, which is at best undistinguished). We have seen her play this gracious, elegant, wearily superior type before. And the roles of Valentine, Dolly and Philip, as taken by Steven Pacey, Gemma Lowy and Robert Hands, are types we have seen before too. Musicals abound in people like Pacey's ardent, toothsome Valentine and the arch, ebullient juveniles played by Lowy and Hands.

The director-choreographer Gillian Lynne's staging is smooth, lively, expert, but inclined to cosy cuteness, right down to a shower of Valentine confetti at the end. The action includes a very Sondheimian lunch, with fragments of small talk over a salon-music background accompaniment. Lynne here has staged some all-too-neat incidents of synchronised eating. These set my teeth on edge.

Alastair Macaulay

Alastair Muir

Song and dance revelation: Edward Petherbridge

Music demystified

The concept of this book is quite original. Apart from some music-histories and biographies, there is precious little that is worth reading about music which does not trade upon specialist terminology: *dominant ninth, plagal cadence, false recapitulation.* (The languages in which contemporary music is discussed are more arcane still.) Maconie has found all sorts of illuminating things to say about music, without using that lingo.

That there should be such lingos was inescapable. Nearly all music consists of audible bits, arranged in sequences and patterns which aren't copies of extra-musical forms; in a highly developed music – European, Indian – those need to acquire their own names, with which only practitioners and connoisseurs will be fluent. Soon comes theoretical description, and indeed Theory, always culture-specific.

The layman soon learns that serious discussion of music exceeds his vocabulary. And on any more general level, what more is there to say? – except to remark the bare harmonic properties of pitched sounds (which the Pythagoreans understood pretty well, two millennia ago) and then to veer off into musical anthropology and history.

Maconie is more philosophical than that, and cleverer, and enormously well-informed about the practical realities of acoustics, the physics of sound, the history and architecture of music-rooms, the design of instruments. When he wants to enlist such facts in the service of some insight or bold claim, as continually he does, he expounds them briskly and lucidly. Blinding the reader with science is certainly not his aim; all those resources are brought to bear upon the topic he keeps firmly in hand, which is *music*.

THE CONCEPT OF MUSIC
by Robin Maconie
Oxford University Press £22.50, 187 pages

As the title promises, he aims to probe the very concept of "music" (what do we perceive as music, and why?) but he is equally concerned with music as a *phenomenon*, and its various phenomenal aspects. Along the way he offers a wealth of specific *aperçus* concerning Western music – the role of timbre, the development of specialised orchestras from homogeneous bands, the difference between French and Teutonic treatments of musical Time in our century; but the terms in which he states them are never those that regularly defeat uneducated music-lovers.

Maconie has been a pupil of both Stockhausen and Messiaen, which may help explain why he is able to station himself at a cool, modern distance from the terms of traditional European music-talk. He is respectfully aware of the defining conventions which eventually made Western polyphony and "symphonic development" possible, but also of all those significant musical factors about which standard Theory has had nothing to say.

There are bold proposals about the phenomenology of perceived concord and dissonance, the effects of the Western surrender to equal-tempered pitch, the parallels between certain rhythmic devices and the natural beats of human physiology. But Maconie is never reductive: that is to say, he does not appeal to physical, physiological and social facts in order to *explain away* our musical responses – but only to bring out dimensions of them that generally pass unmentioned, and to set their determining contexts in newly sharp relief.

The right reader needs only an inquiring love for music, and ordinary familiarity with the simplest terms of physics and maths: no more than the science-and-technology column in your daily paper might expect.

David Murray

Morning concerts

EDINBURGH FESTIVAL

For assiduous music-lovers, the daily Festival concerts in the Queen's Hall are hard to pass up – much like Wigmore programmes, though a bit shorter. Tuesday's recital by Sheila Armstrong, Barry Tuckwell and Roger Vignoles was typical, and good. The repertoire for singer, horn and piano is understandably small, but they found two pieces that rated as better than mere curios: an early, innocently Romantic piece by Richard Strauss called "Alphorn", and Donizetti's lachrymose "L'amor funesto".

Better known than either of those, and much stronger stuff, is "Auf dem Strom", which Schubert composed near the end of his life (its Deutsch number is 943). A sober, heartfelt farewell, it has what must be deliberate echoes of the Funeral March from Beethoven's "Eroica" Symphony, and the performers gave it the proper gravity. By herself, Miss Armstrong was energetic and delightful in Rossini's "Regata veneziana" songs, and Tuckwell (with elegant assistance from Vignoles) shone in the "Villanelle" of Dukas, one of those French competition-pieces that has earned a permanent niche.

Monday's concert was yet another Festival contribution from the Kirov. Their "Chamber Ensemble Soloists" offered an intriguing mixed bag, from Glinka – a Serenata after Donizetti's *Anna Bolena*, for a very odd septet – to Igor Yefimovich Rogalyov's march-fantasy "If Schubert read Pravda", for 16 players and many rude percussion-noises. This latter "interprets" Schubert's all-too-familiar little March in D "in the light of the artistic system of socialist realism": quite a good, raucous joke – Rogalyov has written scores for many cartoon films.

Balakirev's early, delectable one-movement Octet disappointed, simply because the sparkling piano-part was far beyond the pianist's technical means (occasionally she gave up on the left hand altogether). I should love to hear Ian Brown and the Nash Ensemble do it: the Octet is a brilliantly appealing little piece, full of character. There was plenty of character too in Gavril Nikolaevich Popov's 1927 Septet, but subjected to no formal discipline whatever. "Eclectic" would be the wrong word – the piece teems with quirky ideas, one after another after another. Then it stops. A tender, genuinely bluesy passage stays in my mind; may it have been the first-ever Soviet example of such a thing?

David Murray

Tribute to the Blues Brothers

WHITEHALL THEATRE

The Whitehall look will be pork pie hat and shades rather than bowler and brolly for the next few months. Not necessarily for civil servants but for the hard core fans of the Blues Brothers, who will be approaching with expectation and caution this tribute to their heroes mounted by Warwick Evans and Con O'Neill.

The Blues Brothers was a 1980 movie by John Landis featuring John Belushi and Dan Akroyd as two cool weirdos who favoured baggy black suits and a mean swagger. The plot was invisible, something about a prison escape and an endless car chase. The genius came in the background of well chosen blues. It hit the spot among students, and Belushi and Akroyd went on to form a band to play the soundtrack. Producer David Pugh devised a pub entertainment which has become a West End musical of the movie.

If you need the background you probably won't bother to buy a ticket. This is the *Rocky Horror Show* all over again, a cult ritual, but stripped down to minimal production values. Evans and O'Neil slip into Yorkshire accents early on to make the point that they are only on the run from the Halifax police for a parking offence, and that this is a tribute to the Blues Brothers rather than an impersonation – you can't be too careful with American copywrite lawyers – but really this is just an opportunity to belt out 20-odd songs, most of which came from the movie, plus some, such as "Two Little Boys", oddball enough to flavour an English version.

As a concert it was hit and miss. The six piece band was fine; the backing trio had its moments, especially when Ian Roberts soloed "Under the boardwalk", but Con O'Neill made no attempt to match Belushi's self-destructive frenzy and his voice is no spine tingler. Warwick Evans was more laid back and carried off a good Cab Calloway cameo on "Minnie the Moocher".

Of course we joined in the chorus here; of course, by the time we reached "Do you love me" the audience was on its feet and bopping; of course the sustained climax of "Sweet Home Chicago" followed by "Jailhouse Rock" made the evening seem a breeze. But once the adrenalin had calmed down you realised that this is the kind of show you would rave about at the Edinburgh Festival and find rather tame by the time it reached London.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Ton Koopman is director and harpsichord soloist in a Bach and Telemann concert with the Amsterdam Bach Soloists. Tomorrow: Neeme Järvi conducts the Royal Concertgebouw Orchestra. Sun: *Osaka University* Symphony Orchestra (6718 345)

■ COPENHAGEN

Tivoli Koncertsalen 19.30 Michael Schonwandt conducts the Tivoli Symphony Orchestra in Strauss' Metamorphosen and the first act of Wagner's Die Walküre with Nadine Secunde and Poul Elming, who are singing Sieglinde and Siegmund in the current Ring at Bayreuth. Tomorrow: the Kontra Quartet and Jan Simon play Dvorak's Piano Quartet in A major. Sun at 11.00: Bo Boje Skovhus, accompanied by Helmut Deutsch, sings Schubert (3315 1012)

■ FRANKFURT

Alte Oper 20.00 Loris Tjeknavorian conducts the Armenian Philharmonic Orchestra in Tchaikovsky's Fifth Symphony, plus extracts from Khachaturian's ballet Spartacus and the Violin Concerto, soloist Ruben Aharonjan. Tomorrow: Mstislav Rostropovich conducts the German-Soviet Youth Philharmonic in Prokofiev's Third Symphony, plus extracts from *Romeo and Juliet*. Sat: Rostropovich cello recital (1340 400)

■ HAMBURG

Deutsches Schauspielhaus 20.00 Broadway production of the musical 42nd Street, daily except Mon till September 8. Matinee and evening performances *on Sat and* Sun (248713)
Ernst-Deutsch-Theater 20.00 First *night of new production* of Brecht's The Threepenny Opera. Runs till October (2270 1420)
Sommertheater-Festival auf Kampnagel 21.00 Hamburg's annual festival of experimental theatre includes a production by the Dramatic Theatre of Kaunas from Lithuania. The work, entitled Sandclaviere, is set in north-east Prussia in 1936 *and tells of the* difficulties of making art during times of oppression, occupation and uncertainty. *Daily till Mon.* The festival runs till Aug 31, with several events each evening (351721)

■ HEIDELBERG

Schloss 20.00 Castle Festival production of Cosi fan tutte. Tomorrow and Sat: *The Student* Prince (06221-583521)

■ LONDON

MUSIC AND DANCE
Royal Festival Hall 19.30 English National Ballet in Ronald Hynd's production of Coppélia, with Yelena Pankova and Jose Manuel Carrero in leading roles. Repeated *tomorrow, with matinee and* evening performances on Sat. These are the final performances *of the ENB summer season* (071-928 8800)
Queen Elizabeth Hall 19.00 Opera Factory production of Cosi fan tutte, staged by David Freeman, conducted by Mark Wigglesworth, also Sat (071-928 8800)
Barbican 19.45 Shanghai Acrobats, runs till Sun, with matinee and evening performances on Sat and *Sun* (071-638 8891)
Royal Albert Hall 19.30 Takuo Yuasa conducts BBC Scottish Symphony Orchestra in Berlioz's overture Beatrice and Benedict, Shostakovich's Concerto for piano, trumpet and strings and Schubert's Ninth Symphony. Tomorrow: Gennady Rozhdestvensky conducts Dvorak's rarely-heared dramatic cantata *The Spectre's Bride*. Sat: Alexander Gibson conducts Royal Scottish Orchestra in world *premiere of Martin* Dalby's The Mary Bean, plus Mendelssohn's First Piano Concerto with Moura *Lympany* (071-823 9998)

THEATRE
National Theatre
● The Miser by Molière, directed by Steven Pimlott in a new translation by Jeremy Sams, is *showing* at the Olivier tonight. Tomorrow, and on Sat, Mon and Tues, Josette Simon is the proud *heroine* in a glittering production by Philip Prowse of The White Devil, John Webster's tale of *Jacobean* corruption.
● Long Day's Journey Into Night, showing at the Lyttelton tonight, tomorrow and Sat, is Eugene O'Neill's masterpiece of family guilt, directed by Howard Davies and starring Prunella Scales and Timothy West.
● *Black Snow, directed by William* Gaskill at the Cottesloe, is Keith Dewhurst's new play based on Bulgakov's satiric novel about the Moscow theatre in the 1920s. (071-928 2252)
● For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 *Comedies* 0836 430961 *Thrillers* 0836 430962

■ MUNICH

Brunnenhof der Residenz 20.00 Hans Stadlmair conducts Munich Chamber Orchestra in music by Mozart, repeated tomorrow. Sun: members of the Vienna *Philharmonic Orchestra play music* for chamber orchestra by Weber, Dvorak and Mozart (299901)
Deutsches Theater 20.00 Die Fledermaus, production by Budapest Operetta Theatre. Daily except Mon (593427)

■ NEW YORK

MUSIC
Avery Fisher Hall 20.00 Pinchas Zukerman, accompanied by Marc Neikrug, plays four Mozart violin sonatas. Tomorrow and Sat: Andre Previn conducts Mostly Mozart Festival Orchestra in a programme including Mozart's Prague Symphony and Exsultate, jubilate with Kathleen Battle soprano. Mon: Beaux Arts Trio (875 5030)
New York State Theater 20.00 Rebecca Copley sings title role in Jonathan Eaton's staging of Turandot, conducted by Guido Ajmone-Marsan and designed by Beni Montresor. Tomorrow: *La traviata* with Sheryl Woods as Violetta. Sat: La bohème (870 5570)
OFF BROADWAY THEATRE
● Heartbreak House is a revival of G.B.Shaw's comedy-drama about love, liars and the sorrows of a broken heart. Directed by Peter Ruffet with a cast led by Rayna Baker, Robert Sutherland and Sheila Gerber. Ends Aug 25 (Westside Repertory Company Theater, 252 West Eighty-first Street, 874-7290).
● Tony 'N' Tina's Wedding: a wedding at St John's Church, 81 Christopher Street, then a reception at 147 Waverly Place, with Italian buffet, champagne and wedding cake. Rick Pasqualone and Sharon Angela are the happy couple (279-4200).
● Penn and Teller Rot In Hell: *the comic duo return after an* international tour, with additions to the items featured in their Broadway success, including model Carol Perkins (John Houseman Theater, 450 West Forty-second Street, 564-8038).
● Pageant is a musical spoof of beauty contests, funny, rowdy and highly recommended. Conceived, directed and choreographed by Robert Longbottom (Blue Angel, 323 West Forty-fourth Street, 262-3333).
Ticketron answers inquiries and sells tickets (246 0102)

■ VERONA

Arena 21.00 Daniel Oren conducts Gianfranco de Bosio's production of Nabucco, with Sylvano Carroli in the title role and Linda Roark Strummer as Abigaille. Tomorrow: Ghena Dimitrova sings Turandot. Sat: Rigoletto. Sun: John Cranko's *production of Romeo and Juliet* (045-800 5151)

■ VIENNA

Konzerthaus 20.00 Hans Vonk conducts the English Chamber Orchestra in music by Mozart and Schubert, with Richard Goode piano soloist. Tomorrow: Leopold Hager conducts *the ECO*, with Elisabeth Leonskaja piano soloist. Sat: Emanuel Ax is soloist with *the ECO. Sun: Claudio Abbado* conducts the Gustav Mahler Jugendorchester in Mahler's Fifth Symphony and Schumann's Cello Concerto, with Natalia Gutman (4000 8400)
Schloss Schönbrunn 21.00 *Double-bill of operas composed for* Vienna in 1786: Mozart's Der Schauspieldirektor and Salieri's *Prima la musica e poi le parole.* Repeated tomorrow and Sat, also next Wed, Fri and Sun (4000 8400)
Schönbrunn 20.00 Manfred Huss conducts the Polish Kammerphilharmonie in a programme of Mozart, Haydn and Beethoven, with Valery Rogacev piano soloist. The same conductor and orchestra play sacred music by Mozart in the *Kirche am Hof* on Sat (825208)
Theater an der Wien 19.30 *Freudiana, musical* by Woolfson and Parsons. Daily except Wed (58830)
Staatsoper/Volksoper The new season opens on September 1 with Parsifal (Staatsoper) and Kalman's *operetta Grafin Mariza* (Volksoper). Ticket reservations for holders of credit cards can be made from *anywhere in the world by phoning* Vienna 5131 513, starting six days before the day of performance.

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY
Eurosport
0600-0630 International Business report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Today - *a joint FT/CNN production with a review of the day's major business stories with Grant Perry and Colin Chapman*
2300-2330 World Business Today
0100-0130 Moneyline
Superchannel
2220 - 2250 (Wed) Financial Times *Business Weekly - the latest* round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly
Sky News
1200 International Business *Report*
2130 (Thurs) Financial Times Business Weekly

SATURDAY
CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY
Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly
Sky News
1030-1100 *FT Business Weekly*
CNN
0710-0740 Moneyweek
1540-1610 Your Money
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Thursday August 15 1991

Midsummer discontent

THE LONDON stock market is giving every sign of expecting an end to the recession, but British voters are apparently yet to be convinced. The market rose to a new peak yesterday, in spite of an ICM/Guardian opinion poll showing an increase in the Labour lead over the Conservatives. One poll can never be conclusive, but interviews conducted by several organisations during July suggested that the Tory revival noticeable at the end of June had been halted. Yesterday's poll results may therefore represent a continuation of an existing trend.

If so it seems probable that Labour really is currently favoured by some 45 per cent of the electorate against the Tories' 36 per cent. In an election that margin would translate into a strong working majority for Mr Neil Kinnock. If the next two or three polls confirm this impression Mr John Major would be wise to abandon all thoughts of holding a contest this year.

Labour's hope must be that if the prime minister does that he will be boxed in, caught between the legal necessity of calling an election by June 1992 and the political catastrophe that could result from the increases in unemployment that now seem certain to persist into next year. As Mr Roy Hattersley, deputy leader of the Labour party puts it: "The government is immobilised – trapped between the opinion polls and the election date."

Upturn needed

If Mr Major is to escape from this trap, the upturn in the economy must begin to show through by the end of the year. A prediction by the chancellor of the exchequer that this is what will happen will not in itself suffice, however often it is repeated. It is not even clear that putting money in the voters' pockets will cause them to express their gratitude in the polling booths. So far the portents are not encouraging for Conservatives. The government has cut interest rates by 4 percentage points over the past nine months. The effect is beginning to show through in lower mortgage payments. Poll tax bills have been halved, at a cost of 2½ percentage points on value added tax. Inflation has dropped sharply. Yet support for the Conservatives has fallen away since April, in spite of a June revival.

What seems to be happening is that traditional Tory voters have moved over to the Liberal Democrats, who stand at 16 per cent in yesterday's poll. The centre party has now held this level, or bettered it, for four months running. The question is, are its new supporters just registering a protest – or will they stick? The recent impressive performance by a party that seemed to be headed for oblivion just three years ago may be a consequence of Mr Paddy Ashdown's skilful leadership. It may be attributable to the attractiveness to some voters of his policies. If either of these explanations is correct, the Liberal Democrats could split the non-Left vote and put Labour in next time just as the Alliance split the non-Tory vote and put the Conservatives in in 1983 and 1987.

Likely outcome

That would be the most likely outcome in the absence of better economic news. The Conservatives need a resurgent housing market, a return of confidence to industry (in contrast to yesterday's gloom from the CBI), further interest rate cuts, and at least a slowdown in the rate of increases in unemployment. There is no certainty that any of these factors will turn in the government's favour during this year.

Mr Major must therefore rely on sheer politics to pull him through. His own performance has improved considerably. In party terms the Tories are in better shape. The semblance of a creditable election manifesto is beginning to appear. All this, however, has been jolted by events such as the escape of suspected IRA terrorists from Brixton prison, the BCCI affair, and the continuing doubts about the department of industry's role in the export of strategic materials to Iraq.

But it is the economy which will continue to dominate the electoral mood. When the day comes voters may regard Labour as likely to be even less competent than the Tories have been at managing the economy. As matters stand, that could be Mr Major's last, forlorn, hope.

The squeeze on profits

IN ALL the confused debate about short versus long termism in British business, among all the cures trotted out by the new model Labour party, the word "profit" rarely appears. Yet profits are more than just important; they matter more than anything else and quite possibly more than everything else together. Unfortunately, the latest study from the Bank of England shows that, despite improvements in the 1980s, profitability remains worrying in both the short and the longer terms.

Whether as the prime incentive to invest or as a particularly important source of savings, corporate profitability is intimately related to economic growth. That the UK had both the lowest rate of return in the business sector and among the lowest shares of profits in business value added of the leading industrial economies throughout the post-war era was both a source and symptom of its decline.

The 1980s were a decade of recovery. According to the Bank of England, the real rate of return of non-North Sea industrial and commercial companies rose from a low of 2 per cent in the second quarter of 1981 to a peak of 10½ per cent in the fourth quarter of 1988.

Nevertheless, any assessment would still read "could try harder". According to the OECD, the rate of return of the UK business sector remained below that in other main industrial countries even in the late 1980s. The failure to catch up with, let alone surpass, profitability elsewhere is disturbing, particularly for a country that needs to entice substantial flows of inward direct investment.

Lost opportunity

It also represents a lost opportunity. Rapid increases in the efficiency with which labour and capital was used generated substantial increases in the income potentially available to capital. Labour market reform would seem to have given its owners an opportunity to retain much of that increase for themselves. But most of it went in wages: between 1979 and 1988 real earnings in the UK rose more than twice as fast as in Japan, West Germany and France.

Here is perhaps the paramount example of short termism. High real wages and relatively low profitability in the short term mean lower wages and lower employment than otherwise in the longer term.

Worse still, the recovery was not to last. By the first quarter of 1991, the rate of return of non-North Sea business had fallen to 5¼ per cent. Fortunately, this is far higher than in the recessions of 1975-76 and 1980-81. Unfortunately, it is close to the exceptionally high current real rate of interest. No wonder then that business investment fell as a proportion of gross domestic product in 1990, and is likely to fall still further this year.

Higher peak

As the economy recovers, so will profitability. But will the peak of the next cycle turn out to be higher than in the last? Will profitability surpass levels seen in other countries?

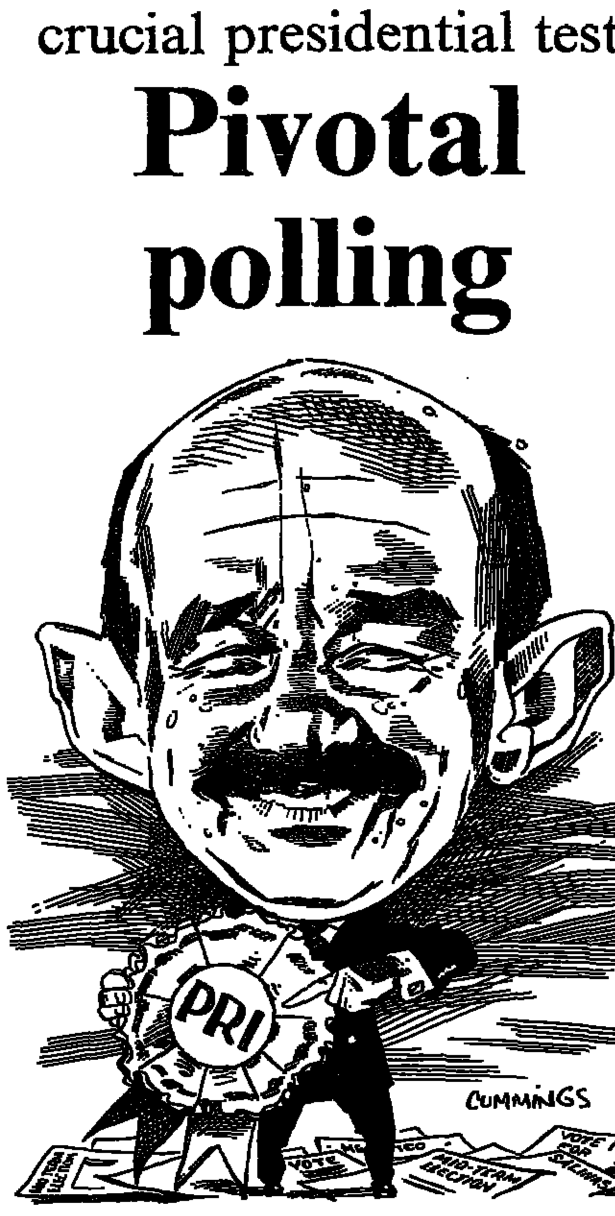
The odds are against. The pound was allowed to depreciate in the early 1980s, but membership of the exchange rate mechanism rules that out this time. If profitability is to recover, unit labour costs in the UK must rise more slowly than in the chief competitor countries. Only then would profitability and performance in the internationally exposed part of the economy improve, allowing rapid growth in domestic demand and raising profitability in the protected parts of the economy.

How could this be managed? Part of the answer is an early return to sustained increases in productivity (which bodes ill for employment). Another part lies in wage behaviour. Improvements in the structure of wage bargaining may help; no less important is the preservation of a legal framework constraining the behaviour of trade unions.

Yet opinion matters too, both in the directors' suite and on the shop floor. Everyone needs to understand that profits represent future prosperity, not exploitation. Profits are the life-blood of the market economy. Those who moan about long-term performance, not least Labour politicians, should state that both often and persuasively.

Damian Fraser says Mexico's elections are a crucial presidential test

Pivotal polling



The career of Mr Carlos Salinas de Gortari, Mexico's dynamic 43-year-old president, and the future of Mexico's ruling Institutional Revolutionary Party (PRI) reach a pivotal point this weekend.

On Sunday, Mexicans vote for a new Congress, half the Senate, six governorships, and hundreds of local deputies, in the first test of Mr Salinas's national popularity since he was elected in July 1988. If the PRI wins the elections easily and fairly, Mr Salinas will govern, for the first time, with a mandate to continue the economic reforms that have characterised his presidency.

The election will also reveal the extent to which Mexico's monolithic PRI, which has ruled the country for the past 62 years, is willing to accept the fair conduct of elections. Mr Salinas has made much of a new electoral law, and greater political pluralism. But the PRI still has at its disposal the formidable resources of the state, making fair elections difficult.

What political reform there has been was largely forced on the president after the 1988 elections. Mr Salinas won with just 51 per cent of the vote, the lowest a candidate of the PRI had ever achieved. The PRI lost four Senate seats for the first time, and barely had a majority in the lower house of Congress. Worse still, even by Mexico's record, the elections were marred by allegations – supported by most neutral observers – that there had been ballot-box stuffing, manipulation of vote counts, and a mysterious breakdown of the computer that added up the votes.

The opposition forces lead by Mr Cuauhtemoc Cardenas, now president of the Party of the Democratic Revolution (PRD), refused to attend the president's inauguration and claimed there had been a "technical coup d'état". Ever since, Mr Salinas's presidency has been tainted by claims that Mr Cardenas was Mexico's legitimate president.

But the PRI and President Salinas have recovered remarkably quickly. Over the past three years the government has removed restrictions on imports, sold off the telephone monopoly as part of its sweeping privatisation plans, and is in the process of selling off the 18 state-owned banks. The government expects the budget to be broadly in balance this year. Mr Salinas also took the momentous decision in June 1990 to negotiate a free-trade agreement with the US to attract foreign capital, raise wages and provide jobs.

These measures have won approval, particularly abroad but also in Mexico. According to recent opinion polls, the party will win between 55 and 70 of the vote on Sunday. But the allegations of fraud have not disappeared. The opposition has attacked the new electoral register, designed last year as part of the president's much-heralded commitment to fairer elections. It lists some 39m voters, against 45m Mexicans aged over 18 who are eligible to vote. Mr Cardenas claims the register is biased towards PRI supporters.

Similarly, the opposition allege that the delivery of voter identification cards has been selective. Of the 39m people on the electoral roll, only some 36m have received their cards. The cardless 3m, suspects Mr Cardenas, are predominantly opposition supporters.

While there may have been no deliberate fraud, the opposition parties still have to contend with the monolithic power of the Mexican government, whose tentacles reach into every part of society. The PRI benefits from a monopoly television company that is a self-professed supporter of the ruling party. Most local and national newspapers support the government, thanks to the indirect government financial backing they receive.

The PRI candidates are much better funded by their supporters than the opposition because of their access to government. In the state of Guanajuato, for example, the PRI is outspending the centre-right National Action party (PAN) by 15 times, according to PAN candidate Mr Vincente Fox. This week the outgoing governor of Guanajuato will hand out in the city of Leon a staggering 15,000 land deeds, mainly to farmers without legal title to their land, in a crude attempt to boost the candidacy of the PRI candidate Mr Raymon Aguirre. As Mr Cardenas says: "We are not competing with a political party; we are competing with a state."

Predictions that this all-powerful state would fall apart after the 1988 elections have not materialised, mainly thanks to Mr Salinas's forceful and popular leadership, after the weak presidency of his predecessor, Mr Miguel de la Madrid. In his three years as president, Mr Salinas has broken many of the traditional Mexican taboos – from the arrest of supposedly all-powerful oil union worker, Joaquin "La Quina" Hernandez, to the free-trade agreement decision – only to see his popularity rise further.

Most Mexicans now believe that the country is heading in the right direction. According to a recent survey by Gallup International, some 70 per cent think they will be better off in 1994 than they are now. "Millions of Mexicans," says Mr Reyes Heroles, of the journal Este Pais, "want an all-powerful president who in a few days can solve all their problems." This is what Mr de la Madrid failed to deliver, and what Mr Salinas, with his reputation as a bold economic reformer, has achieved.

The improvement in the economy, especially the prospect of access to US markets, has also brought many of Mexico's businessmen back into the PRI fold. Mr Fox, for example, complains that many of his fund-raisers in 1988 have now switched to the PRI. In last month's gubernatorial election in Nuevo Leon, where most of Mexico's big businesses are located, the PRI won easily, thanks to support from most of business leaders.

The poor, too, have benefited from Mr Salinas's pet project, known as the Solidarity programme, that has channelled $3.5bn to impoverished communities through public works projects since Mr Salinas was elected president. Opposition critics accuse the programme of being a blatant vehicle for vote-buying. Others complain that the Solidarity hand-outs undercut existing government agencies, such as the ministry of education, roads and transport. But undoubtedly the programme has boosted Mr Salinas's domestic image. Under his stewardship of the economy, inflation is set to fall below 20 per cent this year from 160 per cent in 1987; the economy grew by 3.9 per cent last year and should grow by more than 4 per cent this year; unemployment, according to official figures, is falling.

The government's economic policy has had another effect; it has pushed the once-confident opposition on the defensive. The PAN and PRD have become divided internally. Without a clear programme of their own, both parties have made the conduct of Sunday's elections their main theme during the political campaign. Mr Fox has made the monolithic power of the PRI the central plank of his bid to be governor. Similarly, Mr Cardenas says: "The election imposes itself over and above all other issues." This concentration on the election itself, rather than on economic and social issues, seems to have had a negative impact on voters.

But it has had little effect on Mr Salinas. The president has on several occasions suggested that economic reform must take precedence over political change. If the PRI wins easily on Sunday, Mr Salinas will probably take that as a sign that the public broadly agrees with him. Political change will have to take a back seat.

If the PRI, along with the smaller co-opted parties, manage to obtain a two-thirds majority in Congress, the president will want to overturn constitutional limitations on foreign investment in Mexico; at the moment Mexico's 1973 foreign investment law (partly superseded by subsequent decrees) limits foreigners to a 49 per cent minority sharehold ing in investments. The government also plans to open up the petrochemicals sector to further foreign investment.

Mr Salinas may tackle Mexico's agrarian reform laws – by making it more difficult for peasants to appropriate land from other farmers. He might, if Sunday's victory is overwhelming, give Mexico's quasi-communal farmers, known as ejidatarios the right to buy their own land. That, he hopes, will promote private investment in Mexican agriculture which is currently inhibited by insecurity over tenure.

Some of these reforms may wait, since the president does not want to give away his best bargaining chips before negotiations over the free trade agreement with the US are completed. But it is almost sure that with these elections successfully out of the way, President Salinas will continue with the economic reforms that have distinguished his presidency. Political reform will have to wait.

BOOK REVIEW

Different but not unique

IS AMERICA DIFFERENT?
Byron E. Shafer (editor)
Clarendon Press, £35

Like all imperial cultures, America's is for export – and is reaching further and faster than any since Rome extended its influence throughout the known world in the century after Christ. But what is the American model, and how is it changing?

Byron Shafer and other leading American social scientists look at those themes through the prism of "American exceptionalism". It is a notoriously slippery concept: most nations see themselves as different, and most are proud of it. In the ascendant they are proudest of all, and produce Kiplings, Nietzsches and Whitmans to celebrate it. As the contributors see clearly, uniqueness depends on time, focus and point of comparison.

That applies to most of the once "exceptional" facets of American life. The absence of socialism no longer makes America different. Christian belief remains pervasive: 70 per cent believe in hell, 67 per cent in angels, a third claim to have had an intense religious experience, and only among college-educated Catholics is devotion waning. But, as Andrew Greeley puts it, "consideration of the rest of the world suggests not that North America is unique, but that Europe is".

In the social and economic sphere, too, American exceptionalism is "fading like an old photograph", according to Peter Temin. Its per capita income is higher, and public sector and public spending (especially on welfare) smaller than in most of Europe. But the cash value of America's state benefits is also high – several times more so, per capita, than in southern Europe, and higher than Britain's in health and education.

Richard Rose places the US, as a rich nation with a not-so-big government, in the same league as Canada, Switzerland, Japan, Finland and Australia – where, taken together, public expenditure averages 35 per cent of national product. By contrast, rich societies with big governments characterise only Scandinavia plus France and Germany. Britain is in the "not-so-rich, not-so-big" class, in company with New Zealand, Spain, Greece and Portugal.

Moreover, differences within the US are as great as the differences between European countries: compare state spending and social conditions in Mississippi and South Carolina with those in Boston and California. Only in its ability to absorb rapid population growth while keeping pace with its industrialising peers in per capita income is post-1870 America unique. Its free immigration and free land went unmatched abroad: had there been no immigration after the Revolution, America's population in 1920 would have been about half its actual size. But mass immigration ended in the 1920s, and in recent decades the melting pot has been distinctly simmering.

It is in the political sphere that claims to exceptionalism remain most credible. America's federal system is stronger and longer-lived than any outside Switzerland. Its trade unions are feebler, its politics dearer and its lawyers more ubiquitous than elsewhere. Its government – called, significantly, an "administration" – is weaker in domestic terms than any in the developed world; and its parties are less-disciplined, less divided yet less contestable than in any other advanced democracy. By British standards, it is democracy run riot: more than 500,000 elected officials, one for every 478 citizens, and in some states referenda on everything from tax rates to drain pipes.

Even there, however, the "city on a hill" is a powerful attraction. Federalism and the separation of powers are in vogue. Boris Yeltsin is but the latest of George Washington's re-incarnations. Europe's party systems are looking increasingly like America's, and not only in Britain. As Seymour Martin Lipset observes, even Italy's Communists, renamed the "party of the democratic left", have redefined their objectives in terms resembling those of the US Democrats (and with as much electoral success to date).

But if institutions can be copied, cultures cannot be reproduced – at least, not so easily. America's distinctive combination of populist, voluntarist, protestant and egalitarian traditions is not for export. Even at home, it is an unstable mixture. Populism and lack of respect for authority contribute to high crime rates, school unrest and low voter turn-out. The same moralistic fervour which makes for patriotism (and made for Prohibition) produces fierce opposition to wars. Concern for civil liberties co-exists with opposition to gun control, affirmative action with hostility to welfare, and so on. "Americans fight each other in their efforts to defend or expand the American creed," writes Lipset.

Richard Hofstadter once remarked: "It has been our fate as a nation not to have ideologies but to be one." In this stimulating volume, Shafer and his colleagues make a significant contribution to explaining that ideology today – and the distinctive American traits which comprise it. Meanwhile, if you are sceptical at the very concept of exceptionalism in the modern interdependent world, try explaining the British constitution to an American.

Andrew Adonis

OBSERVER

Spot the locomotion

■ Whatever is British Rail doing to its locomotives? In the days of steam, the railway companies honoured their locomotives by naming them after kings and queens, dukes and duchesses, castles, cities, and famous figures of mythology. Today, BR veers from the mundane to the surreal in thinking up new titles for its engines.

There are some honourable exceptions. Nothing wrong, for example, with "Earl Mountbatten of Burma" (number 33207) or "The Queen's Own Mercian Yeomanry" (number 47528); and few, surely, would quibble with the decision to name electric locomotive number 90005 "Financial Times".

But whatever possessed the namers when they dubbed locomotive number 47462 "Cambridge Traction & Rolling Stock Depot"? Where is the romance in "Cricklewood" (number 31102). "Hartlepool Pipe Mill" (number 37507) or "Fiddlers Ferry Power Station" (number 56099)? Wherever did they find a locomotive long enough to bear the name "Sir Murray Morrison 1873-1948, Pioneer of the British Aluminium Industry" (number 37423)? And have we not entered the realms of the absurd with "Brookside" (number 86632), "Wigan Pier" (number 86416) and "Songs of Praise" (number 43106)?

This Saturday BR is holding a ceremony to name one of its locomotives "Capital Radio's Help a London Child". All in a good cause, no doubt: but enough to make a train-spotter turn to collecting car number plates.

Clean cut

■ It is hard to see why Nicholas Katzenbach, a former US attorney general and key civil rights player in the 1960's, would want to get embroiled even on the fringes of the BCCI mess. He is not a banker, and after a distinguished career both in politics and business(he was IBM's general counsel for 17 years), he is of an age when others would have called it a day.

Clearly his appointment as chairman of First American Bancshares, in the wake of octogenarian Clark Clifford's resignation, is part of an official effort to insulate the $11bn bank from the BCCI controversy. He is "Mr Clean" in a town where many politicians cannot afford too much scrutiny of their banking ties. With 294 offices in six states, plus the district of Columbia, First American has survived the controversy over its ownership remarkably well. It is still operating normally and has 6000 staff.

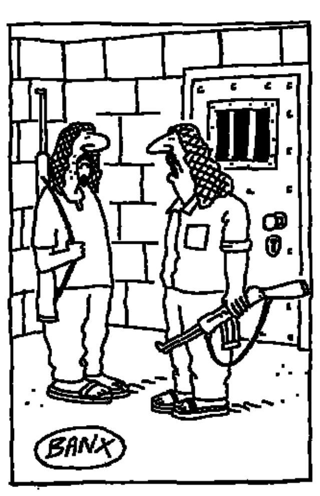
Katzenbach wants to establish a trust to hold the stock of First American's ultimate parent, CCAH. When the super-regional banks were looking to build their franchises before the US real estate slump, First American was one of the more tasty morsels, and may well still be if its ownership can be sorted out.

Brum, brum

■ Dear old Birmingham – most exciting city in Europe, more canals than Venice and so on – is sufferring from one of its periodic identity crises. The city fathers, the local City action team, and the Heart of England Tourist Board have had to stoop to hiring a couple of London public relations firms to devise a marketing plan, but still no one seems able to come up with a catchy slogan.

"Birminghambition" and "Up and Brumming" are the only suggestions so far and they have gone down like lead balloons in Britain's second city.

Ever anxious to help, Observer offers a bottle of champagne to the armchair marketing whiz who can provide the best verbal brum-boost of no more than four words.



"I'm looking forward to spending more time with my family."

North's debut

■ Richard North, Burton's new finance director, was sounding understandably pleased with himself yesterday. A week ago it was looking as if his first money-raising exercise for his new employer was going to be a flop. However, even Burton's sternest critics(and there are still quite a few out there) had to admit that an 88 per cent takeup of a one for one rights issue could not be described as a failure.

Obviously it helped to have a stock market hitting new highs and the likes of Cazenove and BZW twisting a few arms. Nevertheless, the 41-year-old North has done a good job. The rights issue has solved the company's immediate financial problems and the big institutions seem to have increasing confidence in North as a steady hand on the financial tiller.

At Coopers & Lybrand Deloitte, where he headed the merger and acquisition department, he advised the likes of Sir James Goldsmith and was involved in many of the biggest takeover battles from Pilkington to Consolidated Gold Fields. With the rights issue behind him, it is hard to see how the humdrum life of a retailing finance director can offer the same excitement.

However, North insists that it is much more fun being a principal than an advisor. No, he has not seen any sign of an economic upturn, but when it comes "every one per cent rise in like for like sales adds £8m to our bottom line." He sounds like he would also make a good salesman.

Bombed out

■ Not many companies boomed during the Gulf war. But Airfix, which makes the model kits on which British schoolboys have long played out their military dreams, turns out to have been a little-noticed beneficiary.

According to a news agency report, Airfix said it saw sales of model fighters rocket during the conflict as the public was bombarded with relentless television footage of aircraft on bombing missions.

Sadly, they correspondingly dive-bombed after the war ended. Now that Tornados and Jaguars are passe, Airfix is searching around for another theme to set the model maker's imagination on fire. Serbian tanks, one suspects, probably would not do the trick.

Spot on

■ A new book on "Business and accounting ethics in Islam" has just been launched with a press release commenting that "The BCCI affair has enhanced interest in Muslim attitudes towards business and finance." One of the co-authors is Trevor Gambling.

A taste of things to come for consumers

UK food retailers are slashing prices. **John Thornhill** questions prospects for a full-scale war

If you are a supermarket shopper you will doubtless be glad to read in both the editorial and advertising columns of the tabloid press that a price war has just broken out in the UK grocery trade.

If you are a shareholder who has backed the series of £1.5bn rights issues from the three leading food retailing companies this year then you will be relieved to hear from their directors that nothing more than an aggressive bout of price promotions has begun.

The message varies according to the audience: the recent talk of price wars in the grocery trade is in danger of descending into a battle of semantics.

Tesco's move last week to cut the prices on 500 own-label products for one month by up to half has raised the spectre of the industry's big battalions slugging it out to match each other's downward-spiralling prices. The day after Tesco's initiative the Asda chain immediately undercut many of the prices on 60 of its own-label products.

These moves sent jitters around the City, and the shares of the leading food retailers all tumbled, wiping millions of pounds off the value of J Sainsbury, Tesco, the Argyll Group and Asda.

Traders wondered whether this was the beginning of the industry's unravelling whereby *prices were slashed, margins* were eroded and the whole investment arithmetic which has underpinned the leading companies' prodigious growth *over the previous decade was* undermined.

Would the trade revert to the conditions of the late 1970s when there was a big shake-*out following the price-slashing* campaigns of Tesco's Operation Checkout in 1977 and J Sainsbury's Discount 1978?

But the comparison is misleading.

Food retailing in the UK has been transformed during the 1980s and it is now clearly not in the interests of the big chains to start a full-blooded price war – which could be *defined as a sustained attempt* to win market share by reducing prices on a wide selection of products.

In launching a price offensive a retailer would have to take the gamble that the slimmer trading margins – resulting from lower prices, higher costs of distribution and stockholding and possibly increased spending on marketing – *would be more than offset* by increased volumes.

Although it may be possible to achieve such an advantage in the short run it would be very difficult to sustain over a period of months. Industry executives privately suggest that it would take at least a 25 *per cent increase in sales to* justify such a policy. The possibility of achieving such increases would be remote – and would in all probability *stretch distribution networks* beyond their limits.

A comprehensive level of information about each others' pricing activities – Asda, for *example, monitors the prices of* 450 lines in each of its competitors' stores every week – and the operational flexibility resulting from widespread use *of computers have* ensured that any multiple chain can change its prices to match those of a competitor within a matter of hours.

"Anybody can start a price war but nobody can win one," says Mr Paul Dowling, Asda's corporate affairs director.

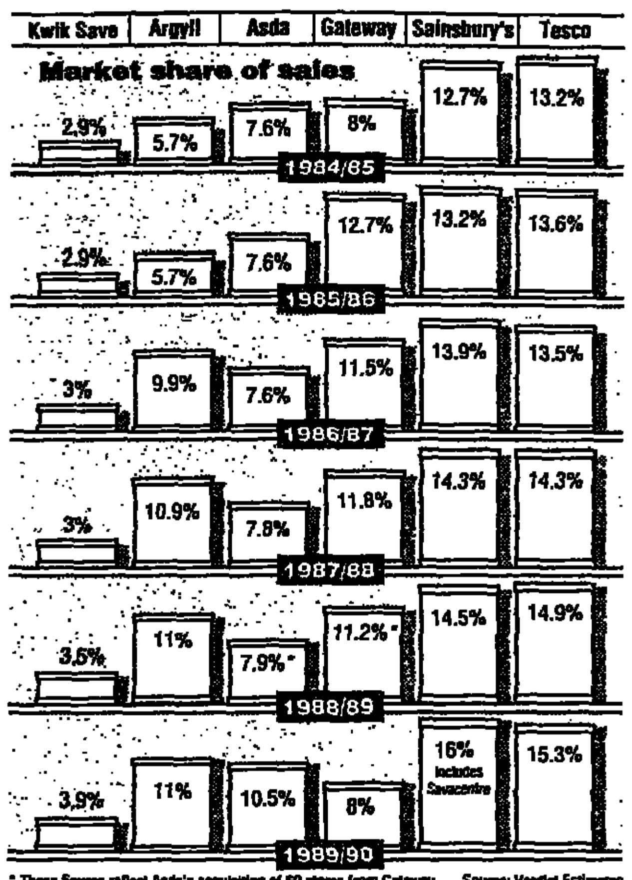
Sir Ian MacLaurin, Tesco's *chairman, concurs: "If anybody* had a go on prices nobody would let us get away with it as we did in 1977."

There is also a sense in *which the industry is in a state* of permanent price war, Sainsbury's argues. The critics may believe that the minimal price differences between the leading multiples on a wide variety of common branded goods smacks of collusion but the industry argues fiercely that it is the result of highly efficient market conditions. As with petrol retailers, no one can *afford to be out of line with* their competitors on a range of "known value items".

Rather than being the first shot in a price war, industry *observers suggest that Tesco's* move should be seen as an astute manoeuvre to win free publicity and position itself in shoppers' minds as being fully price-competitive.

"They have let their prices drift up and have now had to crash some of them down," says one competitor rather more unkindly.

Mr Robert Clark, an analyst *at Corporate Intelligence* Group, a retail consultancy, says: "This is the first price skirmish. It is not a battle let alone a war. We think in the long term there is plenty of scope for more competitive pricing in food retailing. But in *the short term we see this as a* tactical manoeuvre by Tesco to capture the high ground on pricing and see what reaction it draws from their competitors."



* These figures reflect Asda's acquisition of 60 stores from Gateway. Source: Verdict Estimates

But even if any of the big multiples do not step up serious price hostilities is there a chance that someone else could do it for them? One scenario is that the dynamic growth of the discount food store could force the multiples to compete more directly with them on price.

The growth of the discount sector has certainly attracted publicity in recent months. *The Gateway chain has* launched a popular discount format called Food Giant in Bulwell, Nottinghamshire, which offers about 10,000 cut-price lines in warehouse-type conditions. Co-operative Retail Services has also converted *three of its stores to a new* discount Pioneer format.

Moreover, the much-publicised arrival of two very successful discount retailers from continental Europe *has focused* attention on the sector. Aldi of Germany, and Netto of Denmark, have between them opened about 30 stores in the UK and are reported to want to expand extensively.

But the scale of the discount sector should be placed in perspective. A recent circular from Henderson Crosthwaite, the stockbroker, argued that *Aldi's much-heralded arrival* in the UK market had so far proved to be "distinctly underwhelming". They estimated that Aldi's 22 shops turned over about £95m a year and that its retail sales probably only accounted for one-tenth of 1 per cent of market share.

In total, discounters *only* have an 8 per cent share of food sales and although this may increase in coming years they are hardly likely to dictate the entire market's pricing structure nor reverse the whole thrust of the multiple's drive upmarket in the 1980s.

The fact is that for the past decade consumers have been offered a choice between a pure price format and those that offer a wider range, quality, and service – and most have overwhelmingly opted for the latter. Kwik Save, which runs 750 discount stores, has been operating most efficiently in the cut-price market for more than 20 years consistently selling goods at prices 15-20 per cent below those elsewhere. Although it has thrived in its sector it has certainly not cracked the overall market and has left the big multiples unscathed to develop their own segments in their own way. The discounters are unlikely to provoke a full-scale price war but the renewed debate on food prices *may well lead to a subtle* evolution in public perceptions.

It has been a truism in recent years that the shopper has been largely de-sensitised to the question of price, *preferring quality and range*. Mr Bob Willett, Gateway chairman, says: "Price is never out of the equation. It is only one of the important factors not *the* most important." But this may change.

The recession coupled with the wave of publicity about the prevalence of discount offers may bring price back to the forefront of shoppers' priorities. Consumers may begin to question whether the £20m superstores which offer an *enormous range, from branded* Scotch whiskies to Brazilian paw paws, is exactly what they wanted after all.

Any such change is likely to result from an *evolution of* attitudes rather than a revolutionary break with past preferences: an increasing preference for keen prices at the expense *of additional quality*. The beginnings of the process are perhaps detectable.

This week, for example, Mr Denzil Davies, the Labour MP, wrote to Sir Gordon Borrie, the director-general of fair trading, asking him to investigate further why prices were so high in supermarkets. He referred to the out-of-town supermarkets as "temples" of retailing but *questioned whether they really* offered shoppers the best deal in terms of price.

If a politician raises such a question in public, it is a fair bet that many a shopper has already done so in private.

David Gardner argues that the EC must revise the way it views the current Yugoslav revisionism

Democratic weapons in fight for statehood

"Right: now's your chance to win the Nobel peace prize. Got any ideas? Come on, I'll feed them into the meeting."

That was a UK official at last week's emergency meeting of EC foreign ministers in the Hague, parrying journalists' carping at the Community's apparent paralysis over Yugoslavia. British pragmatism aside, he does have a point.

For what, precisely, can the Community do, which it is not already doing?. Indeed, can anybody else do anything further? The "EC – get your act together" pundits seem to be *suggesting a variety of options.*

These include: let the Yugoslavs rot; abandon the EC's (bureaucratic/legalistic) fetish about consensus; invade (to enforce "the peace" and teach the Serbs a lesson); and recognise Slovenia and Croatia as independent nations.

None of the first three have *the look of workable solutions.* Recognition, on the other hand, is do-able. But it is one of the few cards the EC holds and is not to be played lightly or early – and ideally not before some of the confusion about *self-determination* is cleared up.

The Community has not been altogether sure-footed, and the rudimentary foreign policy co-ordination *mechanisms* of the Twelve have not measured up to the Yugoslav crisis. This suggests that a) the EC needs a much more *integrated method of developing* external policy; but b), that the nature of the crisis means that it may not have acted very differently even if it had had a more developed Common Foreign and Security Policy.

Certainly, the EC has made mistakes. Until the first "troika" shuttle at the end of June, it had insisted uncritically that Yugoslavia maintain at all *costs the constitutional* arrangements of its already disintegrating federation. There was, until then, little feel for what was driving events in *Yugoslavia*, and therefore a reduced chance of shaping their outcome.

Equally, there is little to suggest that if the EC had called earlier for talks between the Yugoslavs on a new, looser confederation, that this would have deflected Mr Slobodan Milosevic, the Serbian president, from proceeding to assemble the elements of his Greater Serbia.

Yet the EC was sucked into the crisis, and has had to improvise its response. Though the Community is itself the product of a long period of European civil war fuelled by militant nationalisms, it has seemed at a loss to deal with the Yugoslav throwback to pre-1945. Its uncertainty does not stem only from the fact that land-grabs by one nation for another have been unknown in post-war Europe. It is also because the EC, and the international community as a whole, does not have a practical policy on self-determination; ie: the theoretical right, enshrined in the UN charter, of individual nationalities to govern themselves. It has been able to manage without one, more or less, because within EC borders there have been enough democratic weapons available for most national minorities to pursue their claims.

But self-determination is the *central* issue in Yugoslavia, as well as in parts of the rest of eastern Europe and the Soviet Union, where the old ethnic/national fault lines buried by *communism have* re-emerged. Yugoslavia has demonstrated that it is not an issue which can be ducked any longer.

Self-determination, however, *is a slippery principle to define,* let alone apply. The 35-nation Conference on Security and Co-operation in Europe – which groups all the actors affected by the new nationalist eruptions on the continent – last month strove unsuccessfully towards a definition. The issue is becoming clearer but will probably take a long time to codify.

What is needed immediately in dealing with nationalist conflicts is to build up an international consensus on some basic principles to be applied. Two of the most important are contained in last week's Declaration on Yugoslavia by the EC foreign ministers meeting. These are that changing internal or international borders by force is unacceptable, and that ethnic minority rights must be guaranteed within candidates for independent statehood.

The Community was in effect finding Serbia guilty on count one, and Croatia (though less so) on count two. More broadly, it was saying that whatever self-determination is, and whoever is eligible for it, it has to be achieved by negotiation.

But the problem then gets knottier. What happens, if and when the former Yugoslavs sit down to talk, with the much-aggrandised Serbia holding the whip hand? The Croats, Bosnians and so on will very likely have to concede to Mr Milosevic and his allies at least some of what they have taken by force.

Is this a purely internal affair, for the Yugoslavs *alone* to decide? Surely it cannot be, given the way the precedent might resound across central Europe. The only way to discourage land-grabs and counter-grabs throughout the Soviet Union and its former buffer states is to establish a consensus that changing disputed *internal* frontiers by force is as great an *international* crime as extending an external border, as Iraq did by absorbing Kuwait. This means that the EC must continue to treat any future Greater Serbia as an *international outlaw – even if* its neighbours and former partners come to accept its new borders.

To establish such a consensus, *in a way which does not* prejudice the right to self-determination itself, would require the EC to seek wide support within the CSCE and the UN. This consensus would of course also have to apply to the peoples of western Europe itself – notably to the Basques in Spain or the Scots in Britain, who may seek further autonomy or independence.

Systematically repudiating Mr Milosevic and future imitators will not resolve the frequently irrational issue of self-determination. But it nevertheless *could make clear that* national claims, in order to prosper, have to be resolved rationally; and help confine to the past the idea that aspirants to nationhood have to pay and exact a price in blood.

LETTERS

Chemicals code of conduct

From Mr Justin Stephenson.

Sir, Recent news stories may *have left* a false impression in readers' minds about the attitudes of chemical companies towards the export of materials which could be used in the *manufacture of chemical weapons.*

For many years, member companies of the Chemical Industries Association have taken quite *deliberate* measures to make sure that potentially lethal substances do not fall into the wrong hands.

The export controls working party of our association, along with representatives of the British *Pharmaceutical* Industry (ABPI) and the Chemical Distributors and Traders Association (BCDTA), has designed a code of conduct specifically *aimed at preventing the diversion* of chemicals into the illegal production of drugs or chemical weapons.

The code requires member companies to keep accurate records of all substances identified as being of concern by the "Australia Group" for chemical weapons reasons, all of which in the UK now require an export licence. Further, the *code* includes a requirement for them to submit quarterly reports of the quantities and the countries to which they were actually exported.

The Department of Trade and Industry is speaking for itself about what it and the Customs and Excise did to police the *movement* of chemicals to Iraq. The chemical industry has, I can assure you, not only played by the rules but voluntarily established a code of conduct which goes beyond the official requirements.

Justin Stephenson,
international trade executive,
Chemical Industries Association,
Kings Buildings,
Smith Square SW1

Status puts chambers in Britain at disadvantage

From Mr Peter Crowe.

Sir, I was disappointed by the conclusion in your editorial ("Small business champions", August 9) on the moves by the Association of British Chambers of Commerce to develop its services so as to provide both the range and, more importantly, the quality of service to members in the 1990s.

You say that we should be putting all our effort into improving and extending our services with a demonstrable level of competence but under our own steam. We are in fact *voluntary organisations and so* suffer disproportionately from non-renewal of memberships and difficulties in recruitment during a time of recession.

We are endeavouring to match our continental European counterparts, both in the level and quality of services which we provide to our members. However, *there is one* significant difference which affects our ability to do so, which stems directly from our non-legal status. Earlier this year I led a trade mission to Groningen in northern Netherlands, a city and province similar in size and economic character to Teesside and Cleveland in northern England. Groningen Chamber of Commerce, which has public law status requiring compulsory membership of local businesses, has some 12,000 members and a base annual income of £1.3m. Teesside and District *Chamber of Commerce and* Industry has a membership in excess of 1,000 generating a base annual income from subscriptions slightly in excess of £130,000. Can you tell me how we can provide a comparable level of services to our members when there is such an enormous discrepancy in our annual income? The chamber movement in the UK is not *asking for subsidies or* handouts, just to be paid for the delivery of services which government, *through the* Department of Trade and Industry and *Department of Employment,* wishes to have delivered to the business community.

Chambers of Commerce throughout the UK are the *only truly representative* bodies for the business community and, as such, we believe they should have a commitment from government to ensure their successful *future in order* to be effective for the business community.

Peter Crowe,
chief executive,
Teesside and District Chamber of Commerce,
Middlebrough

The family and society's needs

From Mr and Mrs George Allen.

Sir, Professor Halsey's Personal View on the family must be one of the more important pieces on British social policy to have appeared in a British broadsheet for many a long day. His recommendations, however, do not need to rest only on his stated "ethical socialism" (presumably in *contrast to the materialist brand).* They will be supported by the "ethical" elements in the other political parties.

Many will know from *experience or observation that it* is possible for both parents to pursue professional ambitions while accepting and successfully realising full family responsibilities. The secret often is that one or other parent, usually the mother, takes the best job conveniently at hand without going all out for work which would be the most fulfilling. (If this seems like male chauvinism, therein lies part of the problem.)

An increasing proportion of mothers must work outside the home if society's future needs are to be met. Arrangements must be provided to reconcile the family, single or two parent, with this pressure – whatever the fiscal cost.

Jean and George Allen,
West Woodlands,
Newton Tracey
Barnstaple, Devon

Sensitivity of TV growth rates

From Dr Simon Taylor.

Sir, *Philip Carse of NERA* Communications argues (Letters August 14) that "historic evidence suggests that the [television advertising] market should experience significant real growth during the *franchise period*". We learn from TVS's rights issue documents that NERA forecast a *real* average compound growth rate for total television advertising revenue for 1993-97 of 7.4 per cent – compared with 5.8 *per cent for 1982-90* inclusive.

In other words, the 1990s are *projected* to show faster advertising growth even than the 1980s (adjusted to exclude the recession at the beginning nd end of the decade), a period which included the greatest consumer boom of modern times. *This is despite the fact* that membership of the ERM *in the 1990s* is incompatible with another housing boom of the sort necessary to drive consumer *spending*, and so advertising, to such exceptional rates of growth.

The profitability of broadcasting in the 1990s is highly sensitive to these *assumed* revenue growth rates. Taking a base figure of £200m in 1992, corresponding to the larger franchise regions, the difference in forecast 1997 revenue between the 7.4 per cent of *NERA and my own estimate of* 3 per cent is £286m to £233m, in real terms. This rather dwarfs the benefits of cost reductions. Sheer commercial prudence would suggest that bidders err on the lower side, to avoid the risk of being committed to a crippling index-linked overhead paid to the Treasury.

Simon Taylor,
media analyst,
Robert Fleming Securities,
25 Copthall Avenue,
London EC2R 7DR

Costly lesson

From Mr Graeme Livingstone-Wallace.

Sir, Your story, "More overseas students in UK" (August 9), states: "...after the government introduced full cost tuition fees for non-British nationals..."

We have two sons, both born in Britain of British parents, holding British passports, educated in Britain and now at British universities for which *we are paying the full overseas* student fees on the basis that we, the parents, live outside the UK, and, more punitively, outside the EC. Nice one, eh?

Graeme Livingstone-Wallace,
1800, Vevey,
Switzerland

Sensible?

From Mr Jonathan S Haw.

Sir, Do you really think that Observer's tailpiece (August 9) was responsible (or sensible) journalism? Presumably you think that (commentless) thieves do not read the FT?

Jonathan S Haw,
27 St Paul's Place,
Islington N1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Thursday August 15 1991

Financial companies and banks accepted fraudulent documents 'without question'

Further arrest in Japanese loan scandal

By Steven Butler in Tokyo

THE Y342bn ($2.51bn) fraudulent loan scandal involving the Toyo Shinkin Bank widened yesterday when Osaka prosecutors arrested the branch manager of a local consumer credit company, who is accused of mishandling financial instruments used for collateral.

The arrest raises the possibility of an even bigger and more complex fraud than was initially revealed.

The saga is consuming the Japanese media, which seem divided between the scandal's potential seriousness and its actual bizarreness and even implausibility.

There has been no believable explanation yet for the fact that Ms Nui Onoue, an Osaka restaurateur and mah-jongg parlour operator, whose businesses, according to one newspaper, had a turnover of about Y1bn a year, was apparently able to secure loans worth more than 300 times this amount from reputable financial institutions on the basis of fraudulent documents issued by Toyo Shinkin, a small credit union.

Toyo Shinkin's entire deposits totalled only Y360bn, but non-bank financial companies and banks, including the Industrial Bank of Japan, apparently accepted these documents without question.

The IBJ, one of Japan's most prestigious institutions, whose main business is long-term lending for industrial development, admitted yesterday that it had lent money to Ms Onoue. It would not confirm press reports that it had lent her even more than that collateralised by the fraudulent certificates of deposit.

The man arrested yesterday was Mr Eiichiro Hayata, former branch manager of Daishinpan, a consumer credit company, on charges of breach of trust.

Mr Hayata is alleged to have secretly returned to Ms Onoue discount debentures of the Industrial Bank of Japan, which were being held by Daishinpan as collateral for loans to Ms Onoue.

The debentures, which were physically held at a commercial bank, had a face value of Y10.7bn.

Daishinpan had originally lent some Y20bn to Ms Onoue, although about half of this had been repaid.

Mr Akira Sakai, managing director at Daishinpan, said only about Y2bn of the outstanding loan balance was now backed by collateral.

Ms Onoue herself has emerged as a point of great curiousity in the affair. She owned a highly successful restaurant and mah-jongg parlour in Osaka which was frequented by business executives and senior local government officials.

Some Japanese newspapers have reported that her customers included gangsters, although there is no hint yet of any link between the scandal and organised crime.

Her restaurant was also a collection point for salesmen in the securities business, and she is said to have boasted that her investment decisions were revealed to her through divine inspiration.

The implausibility of the affair has left many observers with a sense that important pieces of the puzzle have yet to be put in place.

This might mean that it will claim fresh victims, but it remains possible that bank supervision has simply been far more lax and open to manipulation than anyone could have imagined.

The Bank of Japan refused to comment on reports that emergency funds had been supplied to the Toyo Shinkin Bank, although the central bank had earlier said that it remained ready to support Toyo Shinkin financially as lender of last resort.

Tomomi Maekawa

Nui Onouye

Centre for scandal: the Imazato branch of Toyo Shinkin Bank where Tomomi Maekawa was arrested Tuesday on suspicion of forging deposit certificates for Nui Onoyne

UK soft drink groups face monopoly move

By Ralph Atkins and Philip Rawstorne in London

SOFT DRINK manufacturers in Britain face possible action by the Department of Trade and Industry to end anti-competitive practices in the supply of products to leisure outlets.

A Monopolies and Mergers Commission investigation over 16 months found that a "complex monopoly" exists in the distribution of carbonated soft drinks to outlets such as fast food shops, clubs and hotels.

Mr Peter Lilley, UK trade and industry secretary, is likely to ask for undertakings from the biggest drinks companies to modify practices that he decides are against the public interest. The request is likely to be backed with the threat of an order to make changes if they are not made voluntarily.

Britain's soft drinks industry is dominated by two groups, which together accounted for more than half the 4.2bn litres of carbonated soft drinks sold in the UK last year.

Carbonated drinks account for about half the total volume of UK sales of soft drinks, which also include fruit juices, squashes and cordials. About a fifth of carbonates are sold through leisure outlets in the catering and licensed trades.

Trade estimates suggest that Coca-Cola & Schweppes Beverages, a joint venture between the US and UK companies, accounts for about 30 per cent of the £5.5bn ($9.3bn) soft drinks market. Britvic, owned by brewers including Bass, Whitbread and Allied Lyons, as well as the US drinks company Pepsico, takes about 20 per cent.

A sharp rise in sales during the 1980s was almost certainly helped by heavy advertising by the main companies. Nearly £61m was spent on television and press advertising of soft drinks brands last year.

The MMC report is believed to express concern at the grip individual companies have over the range of drinks distributed to leisure outlets. There is also understood to be criticism of the control that drinks groups with brewing interests exert over the supply of soft drinks to pubs.

The report clears soft drinks manufacturers of monopolistic behaviour in the grocery market, which accounts for 53 per cent of sales. Competition, particularly in supermarkets, is intense with a large number of own brand products and aggressive pricing.

At the same time, the complexity of the UK market will make it more difficult for Mr Lilley to direct measures specifically at the problem areas. The companies concerned are likely to argue that leisure outlets have a right to choose their supplier.

It was the growing dominance of Britvic and Coca-Cola Schweppes that prompted the referral to the MMC in April last year. Some smaller manufacturers complained they were being inhibited from expanding. Office of Fair Trading officials who investigated the complaints found that rapid changes in the market during the latter half of the 1980s had created potential for anti-competitive behaviour by the leading companies.

Changing consumer demand generated a boom which saw the value of the market more than double between 1985 and 1990. Both Coca-Cola Schweppes and Britvic invested heavily in plant and distribution facilities.

Virgin joins Atlantic air fares battle

By Paul Abrahams in London

VIRGIN ATLANTIC yesterday threw itself into an air fares war with other transatlantic carriers flying into London's Heathrow airport by offering a return economy flight to New York from as little as £279 ($471) from September 15.

The offer from Mr Richard Branson's airline, which competes with British Airways, United and American Airlines, came as part of cuts of up to 25 per cent on economy flights from London to New York and other US destinations. The cheaper fares compare with a full economy fare London-New York during the summer of £658.

United, which entered the US-Heathrow market earlier this year, responded by saying it would match any genuine fare reductions. British Airways has already unveiled a 15 per cent cut in fares from the US to the UK, though not the other way across the Atlantic.

The good news for consumers follows the UK government's decision to allow Virgin, United and American Airlines to fly from Heathrow, substantially increasing competition across the Atlantic.

However, all airlines are suffering from slack demand caused by the recession. BAA, formerly British Airports Authority, announced this week that North Atlantic traffic out of Heathrow was down 14.6 per cent last month from July 1990.

BA has the most to lose from a price war over the Atlantic. Last year it made an operating surplus of £167m on its routes to the Americas, having dominated the troubled US carriers, Pan Am and TWA. The routes are its most lucrative, generating revenues of £1.653bn. Yesterday BA's shares fell 5p to 179p.

Although all the airlines are reporting reasonable loadings on their aircraft, yields – the amount passengers have paid for their seats – have fallen. The carriers are also worried about forward bookings during the autumn, traditionally a quiet period.

Both United and American have attempted to stimulate demand by offering double air-mile points. They are also offering a free ticket for companions of passengers joining their frequent flyer programmes. None of the airlines has announced fare cuts on club and first class tickets.

Businessmen win freeze on Rubin holdings

By Norma Cohen, Investments Correspondent

TWO New York businessmen have obtained court orders in Switzerland freezing the holdings of Mr David Rubin, the north London businessman who disappeared, owing investors an estimated £60m.

According to documents filed with the US Federal Court for the Eastern district of Brooklyn, New York, the businessmen charged that Mr Rubin had defrauded them of $2m (£1.19m) in a complicated scheme that involved the setting up of Swiss bank accounts in the name of a business associate, Mr Elie Elhyani.

L and M Merchandising Inc, a company owned by Louis and Moshe Kestenbaum has asked the New York courts to prevent their bank, Republic National Bank, from transferring funds to Discount Bank and Trust Company of Geneva to cover an overdraft on an account over which David Rubin has a power of attorney. Late yesterday, a judge was still hearing arguments in the case.

An affidavit filed by the Kestenbaum's attorney says that the two pursued their claims in the US and Switzerland "immediately upon learning of the fraud perpetrated by Rubin not only against L and M, but against a series of other persons and companies across Europe."

The court documents provide the first glimpse into an alleged fraud in which the victims were largely ultra-Orthodox Jews in Europe and the US. Because of religious and cultural proscriptions that discourage the victims from bringing their grievances to the attention of secular authorities, the Kestenbaums are so far the only ones to pursue their claims in court.

Although the Bank of England has announced an investigation into the affair, no complainant has come forward.

Mr Rubin himself is an ultra-Orthodox Jew whose father is a North London religious leader, the Rabbi of Sassow.

Among documents filed with the court are copies of bank statements showing that an account jointly controlled by Mr Rubin and Mr Elhyani received and dispensed millions of dollars, even after Mr Rubin told investors he had no funds to repay them. Documents from Discount Bank in Geneva show that on July 18 and 19, £1,383,900 was deposited while £1,378,788.37 was withdrawn. Also at that time, $7.8m was deposited while $8,714,201.37 was withdrawn.

However Mr Elhyani, in a telephone interview, has said he did not know of or receive benefit of the account. Mr Rubin had "power of attorney" over the account.

Meanwhile, a week earlier, on July 11, Mr Rubin was said to have told investors at a meeting in North London that he was unable to repay them. The investors had believed they were lending funds to Mr Rubin's trading company for which they would earn returns of 3 per cent per month.

Germany likely to lose DM23bn debts

By David Goodhart in Bonn

GERMANY is likely to lose much of the DM23bn ($13.2bn) in trade-related debt that the Soviet Union and other former east bloc countries owe to the former East Germany, according to officials in the Bonn Finance Ministry.

The officials denied reports that the money had been written off but said negotiations with the relevant countries, which had just begun, would be "difficult".

The result will almost certainly be another unwelcome boost to the total cost of German unity.

The former east bloc countries, Czechoslovakia in particular, say that debts with the former East Germany should be waived because German unity has hurt their economies.

They have lost their east German export market because east German companies now buy almost exclusively in the west, and they have lost a large number of east German tourists who used to visit before the fall of the Berlin Wall.

They also question the exchange rate of 1 transfer rouble – the unit of accounting between the Soviet Union and its east European trading partners – to DM2.34, saying that it should be 1 to 1.

At the 1 to DM2.34 rate the Soviet Union owes the former East Germany DM15bn, Poland DM2bn, Czechoslovakia DM1.6bn, Hungary DM1.3bn and Bulgaria and Romania DM1.2bn each.

● East German industrial orders fell by 14.3 per cent cent in April compared with March, and by a further 13.3 per cent in May, according to figures released by the Economics Ministry in Bonn.

The ministry said, however, that the position showed signs of stabilising compared with that at the beginning of the year and that the industrial order figures had been affected by reduced orders from the Soviet Union.

The east German companies still owned by the Treuhand privatisation agency have an order inflow generally 10 per cent or more below comparable companies that have been privatised.

Some customers are reluctant to place long-term contracts with Treuhand companies until they know who the longer-term owner is going to be.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Berlin	S	21	70	Caracas	C	29	84	Faro	C	25	77	Islamabad	F	35	95
Algiers	S	31	88	Biarritz	C	23	73	Casablanca	S	26	79	Florence	S	32	90	Istanbul	F	30	86
Amsterdam	F	21	70	Bombay	F	28	82	Chicago	S	16	61	Frankfurt	F	23	73	Jakarta	F	33	91
Athens	S	33	91	Bordeaux	S	33	91	Cologne	F	23	73	Geneva	S	27	81	Jersey	C	21	70
Bahrain	S	36	97	Boulogne	F	22	72	Copenhagen	F	19	66	Gibraltar	C	25	77	Johannesburg	S	18	64
Bangkok	C	32	90	Brussels	S	22	72	Corfu	S	33	91	Glasgow	F	17	63	Lima	C	18	64
Barcelona	S	28	82	Budapest	S	24	75	Dallas	C	21	70	Helsinki	F	18	64	Lisbon	S	29	84
Beirut		–	–	Buenos Aires	F	17	63	Dublin	F	17	63	Hong Kong	F	30	86	London	F	24	75
Belfast	C	16	61	Cairo	S	37	99	Dubrovnik	S	31	88	Innsbruck	S	23	73	Los Angeles	Dr	20	68
Belgrade	S	27	81	Cape Town	S	19	66	Edinburgh	F	19	66	Inverness	C	16	61	Luxembourg	S	23	73

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	25	77	Milan	F	27	81	Nicosia	S	29	84	Salzburg	S	25	77	Tenerife	S	25	77
Madrid	S	33	91	Montreal	S	21	70	Oporto	S	21	70	San Francisco	S	18	64	Tokyo		–	–
Majorca	S	29	84	Moscow	C	17	63	Oslo	S	21	70	Seoul	F	33	91	Toronto	C	21	70
Malaga	F	29	84	Munich	S	25	77	Paris	F	27	81	Singapore	S	31	88	Tunis	F	30	86
Malta	S	33	91	Nairobi	C	18	65	Peking	C	31	88	Stockholm	F	21	70	Valencia	S	32	90
Manchester	S	20	68	Naples	S	30	86	Prague	S	21	70	Strasbourg	S	27	81	Venice	S	28	82
Manila	C	30	86	Nassau	F	33	91	Reykjavik	F	13	55	Sydney	S	18	64	Vienna	S	24	75
Melbourne	C	12	54	New Delhi	S	35	95	Rhodes	S	29	84	Taipei	F	35	95	Warsaw	F	20	68
Mexico City	C	27	81	New York	S	26	79	Rio de Janeiro	C	26	79	Tangier	F	30	86	Washington	F	24	75
Miami	F	28	82	Nice	S	26	79	Rome	S	29	84	Tel Aviv	S	30	86	Zurich	S	27	81

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Hanson's open season

The cynical observer of the propaganda battle between Hanson and Imperial Chemical Industries might deduce that it is bringing out the best in both sides, not least in respect of their reported profits. ICI's latest quarterly profits were down only 3 per cent. Hanson's quarterly profits are up 3 per cent, which in the context of the accounting policies of an acquisitive conglomerate might be counted as discretionary.

As is customary, Hanson's quarterly statement is pitifully meagre on disclosure, particularly by comparison with ICI's. In the perhaps unlikely event of a bid ever materialising, the institutions might care to price into the equation the fact that, were it to succeed, ICI's sources of profitability would no longer be available for analysis. The advantage of the Hanson approach is that it cannot be inferred how much it needs ICI. Similarly, there would be no saying what Hanson had done with it.

Hanson's shares have made up around half the ground they lost relative to the market at the time of the ICI stake being announced, chiefly because the market's belief in a bid has evaporated. This appears to put the company in something of a logical impasse. The market believes that Hanson needs acquisition fodder to keep moving forward. At the same time, it does not seem to regard an ICI bid as the answer. The stalking-horse theory, which says Hanson only started the ICI story to cover its attack on something else, looks too sophisticated to be credible. With Hanson stalled at the bottom of a recession, the whole ICI strategy looks more ill-judged than ever.

Markets

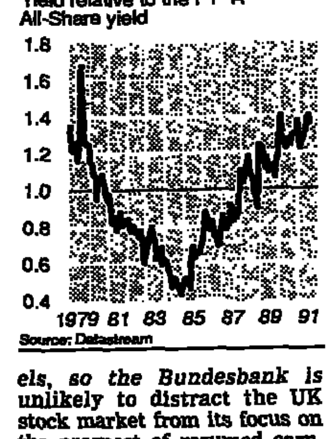
Yesterday's record close means the stock market is unperturbed by prospects of a rise in Germany's official interest rates. Admittedly the FT-SE 100 index has been boosted this week by Glaxo's rise in response to partial government approval for its new migraine drug. Adding to the general sense of well-being has been higher turnover from the placement of rights issue rumps for Burton and Trafalgar House.

Still, the assumption in London must be that the Bundesbank would by now simply be following its domestic money market if it did decide to raise official rates. Sterling is reasonably comfortable with German rates at their present levels, so the Bundesbank is unlikely to distract the UK stock market from its focus on the prospect of resumed earnings and dividend growth in 1992. There might even still be room for a further notch off UK rates as the party conference season gets under way next month.

FT-SE Index: 2,608.8 (+23.9)

Hanson

Yield relative to the FT-A All-Share yield



Source: Datastream

Ultramar

During a dismal first half Ultramar lost £22m thanks to £49m of oil stock losses on its winter inventory in Canada and the US. Over the same period its shares lost a third of their value relative to the market. Judging by yesterday's performance, its management is clearly trying to stem a revolt by institutional shareholders. From a company not previously noted for its investor relations, the talk was of maximising earnings, sharply reducing capital expenditure and increasing asset sales in an attempt to release shareholder value.

This inevitably involves sacrificing organic growth for a few years, but there appear to be precious few other options. Management missed the chance to repair the debt-laden balance sheet with a rights issue while the institutions were less angry at the start of the year. Whatever it does now, the group will be hard-pressed to grow its dividend in real terms, which emphasises the difficulty in valuing its shares on a prospective yield basis. The 17 per cent hike in last year's final payment looks ever more reckless.

A less complicated company with a similar record would beg to be taken over. Despite a fine range of assets, Ultramar's confusing mix of upstream and downstream businesses, but mainly its £858m of net debt, make it an unattractive target. Doubtless any small shareholders have long since switched their funds elsewhere; if not, they have only the consolation that their investment thoroughly deserves its lower rating.

Queens Moat

Queens Moat Houses must feel its diversification policy has paid off. A 23 per cent growth in first-half profits from Germany offset the impact of the UK recession to produce a decline of just 11 per cent in fully diluted earnings per share. That is remarkable for the hotel sector, but there are still several caveats.

First, the UK results would have been even worse without the company's incentive scheme, whereby many of its hotels are run by self-employed managers. They pre-negotiate their payments to the company, thus fixing its return in advance. That delays not only the impact of recession but also the benefits of recovery. Meanwhile economic slowdown in Germany is likely to make itself felt even while competition on room rates in the UK intensifies.

Forte is more vulnerable to recession, but Queens Moat has underperformed it by 15 per cent over the past year. The reason must be investor irritation at its penchant for funding expansion through rights issues. The company is keeping much of its latest issue on deposit, which should yield an extra £9m in second-half interest income. But investors will take more convincing that the flood of rights is passed before they raise the share rating.

Maxwell

Goldman Sachs' disclosure yesterday of its holding of some £143m worth of shares in Maxwell Communication and Mirror Group offers a curious sidelight on Mr Robert Maxwell's relationship with his brokers. Of the total, some £106m is held as collateral for banking loans from Goldman to Mr Maxwell personally. It is no news that Mr Maxwell has pledged some of his public equity to finance his private activities.

Such concrete evidence, however, further undermines Mr Maxwell's argument that his private finances are of no relevance to shareholders in his public companies. It may also help to explain Goldman's persistent enthusiasm in bidding up Maxwell shares in the London market.

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INSIDE

Columbia Gas loses $805m in quarter

Columbia Gas System, the US gas transmission business which went into Chapter 11 bankruptcy protection last month, yesterday announced a second-quarter loss of $804.9m, due mainly to a large charge to cover losses on long-term gas supply contracts. Page 16

Rising sales for Novo Nordisk

Novo Nordisk, the Danish health-care and pharmaceuticals company, increased pre-tax profits in the first half of the year from DKr603m to DKr693m ($104m) and directors are optimistic about the full-year results. Sales in the first half also rose from DKr3.9bn to DKr4.4bn. Page 14

Bank sees sinking of NKr300m

Christiania Bank of Norway has suffered a NKr300m ($44.4m) loan loss following the bankruptcy of shipping group Fearnley & Eger. Until now the bank, which has experienced credit losses in almost every area of its operations, has looked upon shipping as one of its most solid business engagements. Page 15

Reservations about 'rockets'

Mr Heinz Sippel, the new chief executive of Harpener, the German property and industrial company, is not only looking at a DM249m ($144m) hole in the company's finances but also at a murky mixture of claims, inquiries and possible court cases. But Mr Sippel has witnessed many times companies which soar too high and then crash to earth. "Don't launch rockets — they explode," he says. Andrew Fisher reports. Page 14

Peruvian alpacas in crisis

The $70m-a-year Peruvian alpaca industry is in crisis. As world fashion markets move towards lighter fabrics, attempts are underway to produce new, lighter, blends of heavy alpaca hairs with other fibres. But prices remain stubbornly low. And Peru's virtual monopoly of alpaca is under threat as new government legislation allows the export of live alpacas. Page 18

Hoogovens profits warning

Hoogovens, the Dutch steel and aluminium group, yesterday annouced a sharp drop in first-half net profit and cautioned that it would not produce a profit in the second half. Page 14

Support for coffee cutbacks

The Brazilian Coffee Committee, which represents key players in the domestic coffee market, has decided to support a call for Latin America's main producers to withhold 10 per cent of production. Page 18

Drawbacks of geography

The Viennese stock market is discovering that geography has its drawbacks. Initially jubliant at the collapse of communist power in eastern Europe, traders have found that foreigners are now dissuaded from investing in Austrian-quoted shares because of crisis in neighbouring Yugoslavia. Back Page

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Chief price changes yesterday

FRANKFURT (DM)							
Rises				**Rises**			
Bilfing Berg	960	+	22	Beg Say Cert	471	+	13
Fag Kugel	259	+	9	Club Med	441	+	11
Kauhof	499	+	19	L'oreal	609	+	14
Schmal Lub	555	+	10	Peugeot	623	+	10
Falls				Worms	375	+	11
Ach Mun (Reg)	875	–	10	**Falls**			
Zand Feinpap	301	–	8	Total B	831	–	14
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Lotus Dev	36⅜	+	2⅞	Honen	834	+	69
Man Hanover	33	+	1⅛	Ino Kaiun	819	+	58
Reebok	31⅞	+	1⅞	Ines	2890	+	190
State Street	49¾	+	¼	Nakamuraya	1100	+	80
Falls				Tokyo Rika	670	+	79
Applied Mat	25⅞	–	½	**Falls**			
Furs/Bishop	2	–	1⅛	Pacific Inds	625	–	43
PARIS (FFr)							

New York prices at 12.30pm

LONDON (Pence)				Whinney Mackay	37	+	9
Rises				**Falls**			
ADT	520	+	25	Brit. Airways	179	–	5
Airtours	891	+	21	Cardiff Prop.	200	–	13
Armitage Bros	124	+	9	Elect. Data	222	–	14
Avon Rubber	296	+	15	Gt. Western	39	–	11
BBA	155	+	11	Presidio Oil A	225	–	15
Britannic	887	+	20	Regal Hotel	4	–	2
Brown & Tawse	92	+	13	Trencherwood	34	–	4
Carbo	236	+	46	Union Discount	289	–	14
Central ITV	815	+	20	Whitegate	14	–	4
Glaxo	1338	+	32				
Pentland	92	+	7				
Rexmore	31½	+	5				
T & N	171	+	11				

Holdings used as collateral for loans to UK publisher ● Broker regrets late disclosure

Goldman reveals Maxwell stakes

By Tony Jackson and Raymond Snoddy in London

GOLDMAN SACHS, the US broking house, yesterday declared stakes worth £143m ($241.7m) in Maxwell Communication Corporation (MCC) and Mirror Group Newspapers, both controlled by Mr Robert Maxwell.

Goldman said most of the holding, worth £106m at yesterday's prices, was held as collateral for loans to an unnamed broking client, later identified as Mr Maxwell himself.

The shares in MCC were pledged by Mr Maxwell in March this year.

The late disclosure of the holding represents a technical breach of the UK Companies Act.

Goldman, which has for some years acted as Mr Maxwell's personal broker, said it regretted the omission.

Mr Maxwell has far-reaching private interests outside his publicly-quoted companies. He has recently engaged in substantial sales of his private assets, prompting suggestions that his private finances are under pressure.

He has also proposed the re-flotation of Maxwell Communication in the US and the selling down of his family stake below the majority control level as a means of raising further cash.

Mr Maxwell said that he had been notified under section 192 of the Companies Act that disclosure was required and that he was happy to do so immediately.

He confirmed that the shares were held as collateral against loans by Robert Maxwell Group used to fund his trading activities. He added that he could not give a precise figure for the loan.

Goldman said that 31.2m shares in MCC and 40m shares in Mirror Group were held as a "security interest" against loans.

The Companies Act requires that such interests should be disclosed unless the holder is a bank, an insurance company or a stock exchange member.

Among Goldman's subsidiaries are two companies which qualify as stock exchange members and one which qualifies as a bank.

However, the MCC transaction had been arranged through Goldman Sachs & Co in New York and the Mirror Group deal through Goldman Sachs International, neither of which qualify for non-disclosure.

Goldman said the holdings had been disclosed as soon as the oversight had been known.

Through much of his business career Mr Maxwell has been an inveterate deal-maker taking strategic stakes in a diverse range of companies. He concedes that he sometimes make mistakes but believes he is ahead about 90 per cent of the time.

Lex, Page 12

Analysts believe UK clearing bank's poor results could mask encouraging trends

The silver lining to Midland's cloud

By David Lascelles, Banking Editor

MIDLAND Bank produced by far the worst interim results in the UK's recent bank reporting season. Its loss of £71m ($119m) was the only deficit recorded by the Big Four, even though all displayed deep scars from the recession.

But rather than write this off as yet another poor result from Britain's perennially troubled clearing bank, analysts believe that Midland's figures could mask some of the more encouraging trends for several years.

"We believe that Midland has started on the bumpy road to recovery," said Mr Rod Barrett, banking analyst for Goldman Sachs.

The strongest sign of improvement was the 32 per cent rise in Midland Bank's operating profit to £480m. This figure represents earnings from lending and fees, less operating costs such as staff and premises. Excluded is the £529m cost of provisions for bad debts which accounted for most of Midland's overall loss.

If the operating profit gives a clue to the strength of the underlying business, as analysts think it does, the result provides the first sign that Midland is on the mend. The result is significant in Midland's case, analysts say, because it shows that the bank has generated more income and kept its costs under control — areas where it has traditionally been weak.

In the first half of the year, costs were virtually unchanged, thanks largely to a reduction of 4,000 in staff numbers, and the closure of 87 branches, while income went up 8.5 per cent.

One reason for this was a stronger performance by Midland Montagu, the bank's international and investment banking arm, where large treasury losses have finally been brought under control.

Although Midland acquired new top management in the spring, the achievement is a belated result of efforts by the previous management of Sir Kit McMahon when the attack on costs was launched. But Midland's new top team, under Sir Peter Walters, chairman, and Mr Brian Pearse, the chief executive who moved over from Barclays, has the job of seeing it through.

Both men have begun to make their mark, though in different ways: Sir Peter through his experience as administrator of a large company (he was chairman of BP), and Mr Pearse with his knowledge of clearing banking.

Neither believes in big structural changes. Sir Peter talks of the need to develop areas of excellence, and preserve the international role, particularly in Europe.

Mr Pearse believes the way forward for Midland lies in getting back to basics. Many changes over the past few years were too clever: new-fangled accounts that nobody really wanted, and special divisions for handling company accounts which were "over-engineered".

"We've got to get back to a more traditional banking environment," he says.

He sees a bigger role for traditional branch banking. Among changes he is contemplating is shifting more supervision of business lending from the special divisions back to the branches. Although the customer will not notice much difference, it will give branches a stronger sense of their market, and enhance the role of the branch manager. A new managing director of corporate banking, Mr David Thornham, has been appointed to oversee the changes.

Mr Pearse also wants to make retail banking more "relevant" to its customers. He would not object, for example, if his more down-to-earth approach earned his bank the name The Midland Building Society. One problem with banks is they have to make excuses for offering a service inferior to building societies.

"You can't apologise for being a bank. The customer doesn't care whether we're a bank or a building society," he says. But Midland needs to sell more products through its branch network, particularly savings and investments.

A link-up with an insurance company is possible, and Midland has been talking to Allied Dunbar, the BAT subsidiary, among others. This would be more far-reaching than Midland's arrangement with the Commercial Union to cross-sell products.

Midland Bank performance (£m)

	1989 1	1989 2	1990 1	1990 2	1991 1	1991 2*
Operating income	449	430	363	380	480	544
Costs	1074	1229	1182	1213	1196	1195
Bad debt provisions	149	158	301	402	529	461

*Estimate by S.G. Warburg Securities

The bank's other main challenge is the strength of its capital base. At 9.7 per cent, Midland's risk asset ratio compares well with other banks', and spares it having to make a rights issue.

But analysts are still forecasting a loss for the year as a whole, which means that its capital will continue to erode in the months ahead. Added to this is the fact that the group has only £53m of distributable reserves, which analysts say puts a constraint on dividend payments.

A further handicap for Midland is the level of its provisions against Third World debt.

Although Midland estimates that the recent rise in the market value of its $6.6bn of loans means it has about £100m of excess provisions, its overall level of provisions is lower than other banks.

This means it will have less scope to write back the provisions and boost its bottom line as other banks have begun to do. So its improvement in profitability may look less dramatic.

Photo: Tony Andrews
Midland's new men at the helm: chairman Sir Peter Walters(left) and chief executive Mr Brian Pearse

Hanson profits edge up to £967m

By Roland Rudd in London

HANSON, the acquisitive UK conglomerate with a 2.8 per cent stake in Imperial Chemical Industries, saw its taxable profits edge up for the nine months to June 30 from £939m to £967m ($1.6bn).

The figure, in line with market expectations, was significantly below the 26 per cent profit increase in the comparable period last year.

Lord Hanson, chairman, said: "We believe the recession has reached its nadir, but its effects will be felt longer than most anticipated, probably for another 12 months."

Hanson's advisers were quick to compare the conglomerate's profit increase with the 31 per cent profit fall in ICI's first-half figures.

However, the figures were boosted by acquisition benefits. This included a nine-month contribution from Peabody, the US coal group bought last year, and a seven-month contribution from Cavenham Forest Industries, which Hanson acquired through a $1.3bn swap for its 49 per cent stake in Newmont Mining.

By the second quarter of next year those contributions will have been exhausted. Analysts questioned whether Hanson can sustain its unbroken record of profit growth every quarter without a new acquisition.

Lord White, chairman of US-based Hanson Industries, said the group continued "to seek further acquisition opportunities".

While the economic signals remained mixed, Lord White said he was encouraged by "signs of some improvement" in some US activities. He was particularly pleased by Peabody's performance.

Analysts believe Peabody and Cavenham are making yearly operating profits of around $300m and $100m.

In the three months to June 30, Hanson made £379m before tax compared with £369m in the equivalent period.

Sales during the three months rose 28 per cent from £1.4bn to £1.8bn. However, turnover was still down on this year's second quarter.

Fully diluted earnings per share for the first three quarters of the year were up from 14.6p to 15.4p.

Mr Taylor said Hanson would provide the divisional and geographical break-downs for turnover, profits and net assets, missing from the third quarter, for the full-year results. This is required by the new accounting rules.

Lex, Page 12

AIN confident in Fairfax bid

By Kevin Brown in Sydney

THE RACE to acquire the troubled Fairfax newspaper group was thrown open last night after an all-Australian consortium said it had won the support of the country's two biggest financial institutions.

Mr Jim Leslie, a former chairman of Qantas who chairs the Melbourne-based consortium, said he was confident Australian Independent Newspapers (AIN) had the best chance of a deal which would satisfy the bank consortium to which Fairfax owes A$1.3bn (US$1.02bn).

Mr Leslie said the AMP Society and National Mutual Life, Australia's two biggest life offices, had both given support "in principle" to AIN. He said AIN had the support of 15 Australian institutions.

Mr Peter Van Wijngaarden National Mutual investment manager, said the AIN consortium's proposal was "the cleanest and least complex — the one we felt most comfortable with".

Mr Van Wijngaarden said AIN "clearly has the best chance of succeeding, although it will obviously be up to the banks to decide at the end of the day".

The institutions' decision to back AIN is likely to be most damaging to the Jamison Equity consortium, headed by Mr Chris Corrigan, which counted AMP and National Mutual among its supporters.

However, the institutions are also understood to have rejected the Tourang consortium headed by Mr Conrad Black, chairman of Hollinger, the Canadian media group, and the Australian Provincial Newspapers consortium headed by Mr Tony O'Reilly, the Irish chairman of Heinz, the US foods group.

There is parliamentary opposition to the involvement in the Tourang bid of Mr Kerry Packer, chairman of the privately owned Consolidated Press Holdings media and industrial group.

The only other serious bidder is Pearson, the UK corporation which owns the Financial Times, and is only interested in the Australian Financial Review.

RBH set for European expansion

By Richard Lapper in London

ROLLINS Burdick Hunter, the US insurance broker, is poised to expand its European operations with the acquisition of Rotterdam-based Hudig-Langeveldt Groep. The new group will become the sixth-biggest insurance broker in the world.

RBH, a subsidiary of Chicago-based Aon Corporation, an insurance holding group, is expected to pay between £140m ($236.6m) and £150m for Hudig-Langeveldt, Europe's biggest independent insurance broker.

The Hudig board said yesterday that it had recommended RBH's offer and would refer it to its shareholders, which include Amsterdam-Rotterdam Bank and the institutional investor, Nederlandse Participatie Maatschappij. Marsh McLennan, the world's biggest broker, is also a shareholder.

RBH will now enter into detailed negotiations with Hudig, which are expected to lead to a definitive agreement within the next three months.

Aon's RBH subsidiary has more than 50 offices throughout the US and owns a substantial interest in Nicholson Chamberlain Colls, the Lloyd's broker.

Ms Julianne Jessup, an analyst at Barclays de Zoete Wedd, said Huig's strength in Germany made it an attractive target. With insurance brokerage relatively underdeveloped, the German market is regarded as "the market to be in".

The deal is a setback for Sedgwick Group, the UK insurance broker, which had been interested in acquiring Hudig. The Dutch company's local management is said to have been enthusiastic about the link. The indications yesterday were that Sedgwick had been outbid. The UK group is said to be have been prepared to pay only £120m.

Hoogovens' profits fall sharply

By Ronald van de Krol in Amsterdam

HOOGOVENS, the Dutch steel and aluminium group, reported a sharp drop in first-half net profit and cautioned that it probably would break even in the second half of the year.

Lower European steel prices caused by the recession in basic metal-working industries was the main reason behind a 65 per cent decline in net profit to Fl 55m ($28.2m) from Fl 155m in the same period last year.

Hoogovens said it foresaw no revival of demand for steel and aluminium in the second half, so did not expect to see a profit in the period.

"In other words, barring unforeseen circumstances, profit for the full year 1991 will not differ greatly from that for the first half-year," the company said.

The company's shares fell by Fl 2.00 on the news to close at Fl 58.80. In 1990, Hoogovens' net profit from normal business operations, which excludes extraordinary items, slid by 28 per cent to Fl 292m.

This prompted the company – the Netherlands' only steel producer – to cut its dividend by nearly 25 per cent and to caution that 1991 results might fall substantially.

In the first half, Hoogovens' steel division swung into a loss of Fl 39m compared with a profit of Fl 120m in the 1990 first half.

Aluminium posted a profit of Fl 57m, down slightly from Fl 62m a year earlier. Overall, group turnover fell by 4.6 per cent to Fl 4.1bn.

Deliveries of rolled steel products were down by 53,000 tonnes at 2.3m tonnes. At the same time, however, prices fell because of slack demand and because of greater competition from outside western Europe.

Hoogovens said that although the steel division would probably be able to raise its sales volume in the second half, prices are expected to remain under pressure. It said that conditions on the aluminium market had deteriorated in recent months.

Gardini acquires 14.4% stake in SCI

By Alison Maitland in Paris

MR RAUL GARDINI, who was ousted as head of Italy's Ferruzzi group in June, may re-emerge as a major figure in European business through his purchase of a 14.4 per cent stake in Société Centrale d'Investissement (SCI), a French investment company.

SCI is the main investment vehicle of Mr Jean-Marc Vernes, the French banker, whose family holds 15 per cent of the company. Together, Mr Vernes and Mr Gardini, who are long-standing friends and business partners, say they intend to take control of SCI.

The investment company has an estimated FFr6bn ($1.01bn) to FFr7bn at its disposal, as a result of the 1989 takeover by Suez, the French financial conglomerate, of Mr Vernes' Compagnie Industrielle and Groupe Victoire.

SCI already has property interests and may look for prime commercial sites in Paris. Mr Gardini may also use his new French base to make investments in European companies, especially in the food and chemical sectors.

As part of the divorce settlement with Ferruzzi, interests associated with the Gardini family have obtained over FFr2bn in cash, about half of which is estimated to have been swallowed up by the purchase of the SCI stake.

He and Mr Vernes will also be in a position to support other key shareholders in SCI, such as Navigation Mixte, the food to financial services conglomerate, in any takeover battles that might arise.

Mr Vernes and Mr Fournier, the head of Navigation Mixte, have given each other financial support in the past, during the Suez bid for Victoire and the Paribas bid for Mixte in 1989. A few weeks ago, Mixte increased its stake in SCI to 15.6 per cent.

Mr Vernes said his family would keep its stake in SCI at 15 per cent, leaving Mr Gardini to buy a further 20 per cent plus shareholding to let them take joint majority control.

Of his 14.4 per cent holding, he bought 9.8 per cent stake directly from Montedison, the Ferruzzi chemical group, and the remaining 4.5 per cent through Herat, the Gardini family holding company.

If the Gardini-Vernes partnership acquires control, it will offer minority shareholders, believed to hold about 30 per cent of SCI, the option to sell at a guaranteed price.

A block of about 60,000 shares, or about 3 per cent of the SCI share capital, was traded yesterday at FFr3,190 before buyers pushed the share price to its daily permitted ceiling and forced a suspension of trading.

Weak oil prices push Ultramar to £22m loss

By Deborah Hargreaves

WEAK OIL prices which caused stock losses of close to £50m ($84m) at Ultramar, the diversified UK oil and gas company, pushed it into a £21.6m loss for the first six months of 1991, from a profit of £37.2m in the same period in 1990.

Stock losses of £48.9m compare with a gain on stocks of £12.6m in the first half last year. When these effects are stripped out, Ultramar saw an improvement in its net profit to £27.3m from £24.6m.

The company's sales revenue slipped to £886.4m from £899.5m.

Ultramar said yesterday it would cut its capital expenditure budget by $100m this year to $385m to reduce its debt: equity ratio, which has jumped to 87 per cent from 77 per cent at the end of last year.

"We are putting a higher premium on present performance rather than future growth for the time being," a company official said.

The company has also introduced a cost-cutting programme and a hiring freeze in an attempt to reduce its gearing to between 65 per cent and 70 per cent by the year-end.

One of Ultramar's difficulties is that many of its North Sea investments will not yield oil and gas for at least another five years.

Ultramar is seeking to dispose of some of these assets in return for investments where output is scheduled to begin in the next couple of years.

It is expected to sell its 20 per cent stake in the Franklin gas field in the North Sea, possibly to British Gas which is also involved in the field. Franklin is due to start production by 2000.

Ultramar said the Markham gas field, in which it has a 35 per cent interest, would start up in October next year. This could mark the first UK export of gas to continental Europe once government treaties are finalised.

The company suffered from weak North American markets where its refining operations in eastern Canada made a stockholding loss of £39.6m against a profit of £6.8m.

In addition, a 3 per cent drop in demand for petrol in California and low prices resulted in a stock loss of £9.3m there, against a profit of £5.8m.

The company said it expected demand in California to recover during the second half to levels similar tolast year. But the Canadian market should see a further 2 per cent to 4 per cent decline in the final six months.

Oil production rose 14 per cent to 116,100 barrels of oil equivalent a day.

Ultramar's share price edged up 5p in London yesterday to 274p as the market expressed relief the company had not announced a rights issue. The company made a loss of 5.8p a share in the first half from a profit of 10.1p.

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First-half advance for Novo Nordisk

By Hilary Barnes in Copenhagen

NOVO NORDISK, the Danish insulin and industrial enzymes producer, increased pre-tax profits and sales in the first half of the year and directors are optimistic about the full-year results.

Sales in the first half were up at DKr4.49bn ($663m) from DKr3.98bn and pre-tax profits from DKr693m to DKr603m. Earnings per share advanced to DKr14.39 from DKr12.77.

The company's share price moved up DKr6 to DKr474 after the release of the interim statement.

The company expects financial costs to be reduced in the current half, following a successful share issue this summer, which raised DKr1.65bn.

Sales by the health care group increased by 9 per cent to DKr3bn, despite disposals. The increase was mainly due to higher volume sales of insulin and gynaecological products.

Novo Nordisk's genetically engineered human insulin was approved for sale in the US by the US Food and Drugs Administration on July 1.

The bio-industrial group's sales increased by 24 per cent to DKr1.33bn. Total costs rose by 5 per cent, capacity costs by 15 per cent, but raw material costs fell 20 per cent.

Pechiney sales decline 5.4%

PECHINEY, the French state-controlled metals and packaging group, has reported that its first-half 1991 consolidated sales dropped 5.4 per cent to FFr38bn ($6.45bn) from FFr40.2bn in the same period of 1990, Reuter reports from Paris.

The company said that a 2.1 per cent drop in the the dollar relative to the French franc during that period contributed to the decline. If the exchange rate had remained constant, the revenue decline would have been only 2.3 per cent.

Manufacturing sales would have declined by 1 per cent on a constant exchange-rate basis.

Harpener recovers from Werner Rey's attentions

Andrew Fisher on the German group's progress to profitability

Mr Heinz Sippel has seen it all before. "Don't launch rockets – they explode," says the sprightly 68-year-old banker about companies which soar too high and then crash to earth.

Mr Sippel is the new chief executive at Harpener, the German property and industrial company which became part of the Swiss-based empire of Mr Werner Rey.

Harpener has been left with a DM249m ($144m) hole in its finances following Mr Rey's involvement. It has thus claimed DM200m from Omni and Mr Rey and is also considering whether to sue Harpener's former directors. The state prosecutor's office in Dortmund, where Harpener is based, is making its own enquiries.

The murky tale has been set out in painstaking detail by Arthur Andersen, whose Düsseldorf office produced a 98-page report on the deals which Mr Rey caused to be put through Harpener as he used it for merchant banking activities.

Arthur Andersen concludes that the former three-man board (two of whom were put in by Mr Rey) neglected its duties under German company law, as did Mr Rey as the supervisory board chairman. The main damage was caused by Harpener's purchase from Omni of a big minority stake in International Leisure Group, the collapsed UK holiday and airline company.

Of Harpener's claims against Omni, which collapsed in March, DM131m relates to ILG; this is half the DM90m purchase price, the rest to have been paid later.

The steep rise and sudden collapse of ILG – and for that matter of Mr Rey's empire – reminds Mr Sippel of the 10 years he spent at Hessische Landesbank in Frankfurt cleaning up the mess left by ill-considered property deals.

He then presided over the winding up of Neue Heimat, the trade union-owned housing concern which ran into severe financial trouble in 1986. Harpener, asserts Mr Sippel, is in no danger of failure.

"The Rey adventure has not overturned Harpener, but it has injured it".

The Omni-induced losses left it with a net loss of DM95m last year; in 1989, it made DM41m profit. On its main property, energy and transport businesses, Harpener increased pre-tax profits by 21 per cent to DM98m. This and the release of DM72.5m from reserves covered part of the losses.

Mr Sippel, flanked by two new board members who are both less than half his age – the previous board was forced to resign this year – reckons the losses can be offset over two years, as profits grow in its basic businesses.

Even so, it will still bear the financial scars of the disastrous involvement by Mr Rey. The Andersen report minces no words in expressing its view on Mr Rey and his colleagues, especially over the ILG episode. "The transaction was concluded too hastily without an adequate judgment of the value of HPI/ILG and the fairness of the purchase price paid."

Nor had Harpener's internal, "extremely negative evaluation" of a report prepared by accountants Coopers & Lybrand Deloitte on the ILG deal been shown to the supervisory board.

Arthur Andersen says Mr Rey was under a clear conflict of interest in his position as head of Omni and chairman of Harpener's supervisory board. Through his strong involvement in the ILG purchase, he went beyond the bounds of advice and supervision.

Moreover, the executive board should have taken more notice of the critical report by managers, rather than just hiding behind Omni's guarantees. It should also, Andersen reckons, have been fully aware of how the Gulf crisis could affect ILG, since the deal was concluded last December.

So far, Mr Sippel notes with some surprise, only a few shareholders have turned up at Harpener's headquarters to scrutinise the Andersen report. But those who feel strongly enough will be able to have their say at the company's annual meeting next Thursday.

Mr Sippel and his team is Harpener's future. The 81 per cent stake held by Omni is in the hands of two banking consortia, one headed by Swiss Bank Corporation and the other by Banque Paribas of France. Both were involved with Omni.

Within the Swiss-led group are some Japanese institutions, probably accounting for some 20 per cent of Harpener's shares.

Not surprisingly, Mr Sippel is keen that all these should find a safe home.

"We don't want to end up in the hands of another raider". He hopes the banks will find a suitable buyer soon.

Electricity supply crossholdings predicted

By David Goodhart in Bonn

THE LEADING French and German electricity supply companies look poised to exchange small shareholdings, according to Mr Jochen Holzer, chairman of Bayernwerk, one of the big three German electricity groups.

Mr Holzer said that before the end of the year Electricité de France would exercise its option to take a 15 per cent stake in VEAG Berlin, the newly established company which is taking over the east German electricity supply industry.

The main German utilities – PreussenElektra, RWE and Bayernwerk – are expected to take 75 per cent of that new company.

In return for a share in the new east German group Mr Holzer said he thought it likely that the three German companies would be given the chance to take a similar stake in the French electricity supply industry.

INTERNATIONAL CAPITAL MARKETS

German bonds rally after hint on interest rate rise

By Sara Webb in London and Patrick Harverson in New York

GERMAN government bonds rallied yesterday as the Bundesbank gave an indication at its regular securities repurchase tender that it will probably raise interest rates today.

While a rise in interest rates is normally bad news for bonds, concern about the level of German inflation, currently 4.4 per cent, has fuelled hopes that the Bundesbank will act to curb inflation.

The Bundesbank's decision yesterday to drain funds from the banking system and allocate short-term cash at a higher rate confirmed suspicions that a rise in the discount rate (currently 6.5 per cent) and the Lombard rate (9 *per cent) is imminent.*

The Bundesbank withdrew DM4.8bn from the banking system in its two-tranche repurchase tender and offered banks funds at higher rates.

The fact that it allocated 35-day funds at 9 per cent and 63-day funds at 9.15 per cent – in other words at above the Lombard emergency rate – was taken as a sign by the market that both the Lombard *rate and discount rate will* probably be raised.

Traders said that short-covering helped to push up bund prices. The Liffe bund futures *contract opened* at 84.73 and traded in a range between 84.63 and the resistance level of 84.85 before closing at 84.81. Turnover in Liffe bund options reached a record level, with nearly 30,000 contracts traded yesterday, *indicating that traders* are expecting the market to be volatile.

■ *UK* government bond prices edged up, supported mainly by foreign institutional buying. Traders said many investors were waiting to see what the *Bundesbank decides* to do at tomorrow's meeting. The benchmark 11¾ per cent gilt due 2003/07 opened at 111$\frac{13}{32}$ and traded up to 111$\frac{7}{16}$ by late afternoon to yield 10.01 per cent.

■ IN NEW YORK, bond prices rose sharply across the maturity range yesterday morning, after good inflation news raised hopes of further interest rate cuts.

By midday the benchmark *30-year bond was up $\frac{13}{32}$ at 100$\frac{1}{16}$*, yielding 8.114 per cent. The two-year note was equally firm, up ⅛ at 100⅞, to yield 8.114 per cent. Trading was said to be very active.

The Labor Department's *report that consumer prices* rose 0.2 per cent in July sparked a round of heavy buying in the bond markets. The rise was slightly smaller than expected and confirmed that inflation has so far shown no signs of picking up alongside the modest economic recovery.

The inflation figures mean that if the Federal Reserve wants to cut interest rates, it has the room to do so, said *analysts yesterday. After the* recent easing in the Federal funds rate to 5¾ per cent, the market is now looking for a cut in the discount rate.

■ JAPANESE government bond prices firmed on hopes of lower short-term interest rates. The yield on the benchmark No 129 JGB, which has a coupon of 6.4 per cent, opened at 6.455 per cent and closed at 6.435 per cent, bringing the *bond price close to par.*

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.1977	-0.001	10.66	10.88	10.93
BELGIUM		10.000	08/00	103.8000	+0.150	9.35	9.39	9.37
CANADA *		9.750	12/01	100.0800	+0.330	9.73	9.76	9.96
DENMARK		9.000	11/00	98.0250	+0.100	9.31	9.34	9.26
FRANCE	BTAN	9.000	02/96	98.8475	+0.036	9.29	9.31	9.21
	OAT	9.500	01/01	102.4900	+0.150	9.08	9.10	9.09
GERMANY		8.375	05/01	99.1300	+0.070	8.50	8.57	8.53
ITALY		12.500	03/01	97.0900	+0.030	13.46	13.42	13.23
JAPAN	No 119	4.800	06/99	89.7140	+0.140	6.61	6.68	7.17
	No 129	6.400	03/00	99.8815	+0.221	6.43	6.51	6.72
NETHERLANDS		8.500	03/01	97.9000	+0.270	8.82	8.83	8.78
SPAIN		11.900	07/96	99.6750	-0.125	11.96	11.93	11.82
UK GILTS		10.300	11/96	99-18	-	10.10	10.09	10.26
		10.000	02/01	99-25	+2/32	10.04	10.01	10.21
		9.000	10/08	93-14	+3/32	9.79	9.78	9.96
US TREASURY *		8.000	05/01	100-22	+30/32	7.89	7.97	8.29
		8.125	05/21	99-27	+11/32	8.14	8.19	8.45

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Late rush for shares in Australian bank offer

By Kevin Brown in Sydney

THE FLOTATION of 29.75 per cent of the government-owned Commonwealth Bank of Australia appeared to have been a success yesterday, following a late rush of *applications* for small parcels of shares.

The bank said the offer was "clearly oversubscribed," but was unable to be more precise until applications from thousands of branches across the *country had been collected and* processed.

Brokers said the issue had been oversubscribed three or four times and forecast a premium of up to A$1.10 over the A$5.40 offer price when the shares are listed on the Australian Stock Exchange *next* month.

The bank said 56 per cent of the 239.3m shares being sold would be allocated to small shareholders, in parcels of 400, priced at A$2.160. The balance will be taken up by *Australian financial institutions.*

The only segment of the offer which was undersubscribed was the 9m shares set aside for the bank's 48,000 staff.

The offer was barred to overseas investors because of unease about the part-privatisation of the bank among left-wing members of the governing Labor Party. However, *the bank is widely expected to* be fully privatised following the next federal general election, due in 1993.

Mr Phil Leslie, a member of *the bank's flotation task force,* said the share register would probably include more than 200,000 investors.

The flotation will raise A$1.3bn to boost the bank's capital, following its takeover of the troubled State Bank of Victoria last year.

The flotation values the bank at A$4.5bn, placing it among the top ten Australian companies by capitalisation.

The offer price was equivalent to 16.6 times the depressed level of earnings in 1990-91, but up to 8.2 times analysts' forecasts for *the current year,* which vary from A$510m to A$550m.

Autumn starts planned by exchanges

By Tracy Corrigan

TWO NEW derivatives exchanges in Belgium and Austria, *originally due to start* trading in May, now plan to open their doors early this autumn.

Belfox, the Belgian Futures *and Options Exchange*, and Otob, Österreichische Termin und Optionenbörse, both fully automated, screen-based systems, have experienced *some teething problems.*

Belfox was scheduled to start up in May, but a series of problems has delayed opening. The exchange has been getting to grips with an ambitious order-matching system.

"They are trying to be very sophisticated on both the trading and clearing side," said one derivatives expert familiar with the exchange. For example, the Belfox system will include a facility for competitive trading of block orders based on an auction mechanism.

The clearing system, at client level, will allow Belfox to *separate each client's business*, which prevents open positions being hidden, but is logistically complicated, requiring a large number of accounts.

The following products will be traded: a Belgian government bond futures contract (the underlying bond is a notional 9 per cent government bond); six individual stock options (on Petrofina, Société Générale de Belgique, Electrabel, Solvay, Delhaize, and ACEC Union Miniere; and options on the BEL-20 Belgian stock index.

Other contracts which may be introduced include *short-term interest rate* futures, foreign exchange contracts, Ecu contracts and options on futures.

Belfox members are expected to include a number of foreign banks such as JP Morgan and Crédit Lyonnais, which should help boost international interest *in the Belgian markets.*

Meanwhile, Otob, the Austrian Exchange plans to be up and running in the last quarter of this year. A date will be fixed after a period of simulated trading this August.

Five options on individual stocks (CA-BV Vorzug, EVN, Lenzing, OMV and Wienerberger) will be traded initially, with an option on the Austrian Traded Index (ATX) planned for the end of the year. OTOB will provide trading and clearing facilities for members of the Vienna Stock Exchange.

Steady demand for Citicorp offer

By Tracy Corrigan

CITICORP's $1.25bn global offering of asset-backed bonds, *priced yesterday*, met *steady* demand, boosted by a buoyant US Treasury market.

The reception of the deal, priced in the middle of the indicated spread range, to yield 72½ basis points above the five-year US Treasury, was *broadly positive*, though *short* of enthusiastic. "For such a large deal, at such a quiet time of the year, it went as well as could be expected," one dealer said.

As expected, demand was largely driven by US buyers. Dealers estimated that around 75 per cent of the deal was placed in the US. The spread was considered "fairly aggressive, but it worked, especially when the [US Treasury market] rally forced the spread to widen a little," one dealer in New York said.

Several European underwriters said that interest in Europe was better than they had expected. According to lead manager UBS Phillips & Drew, the pricing represented a compromise between strong *demand in the US and a lower* level of interest in Europe, allowing a respectable level of European placement to be achieved.

The deal was bid at 99.48, its fixed reoffered price.

Elsewhere, General Electric Capital raised C$100m of 10 per cent five-year bonds via Hambros Bank. The deal was bid at less 1.77, within 1⅞ points fees.

● Grand Metropolitan, the UK drinks group, raised $900m in the US debt market yesterday.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
St.Cr.Cd.Mster.Tst.Ser.1991-4(c)†	1.25bn	8	99.48	1996	0.375/0.275	UBS Phillips & Drew
CANADIAN DOLLARS						
Gen.Elec.Cap.Corp(a)†	*100*	*10*	*101*	*1996*	*1⅞/1⅜*	*Hambros Bank*
D-MARKS						
Deutsche Fin.N'lands.BV(a)†	300	9	101¼	1996	1¼	Deutsche Bank
STERLING						
Cheltenham & Gloucester(b)‡†	175	(b)	100	1994	41/31bp	UBS Phillips & Drew

*Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Amount increased from £150m. Coupon pays 3-month Libor + 15bp. Non-callable. c) Asset-backed issue. Coupon payable semi-annually. Also issued - $155m tranche of subordinated notes.

US bank to withdraw from trust business

By Steven Butler in Tokyo

MANUFACTURERS Hanover Trust, the US bank which is to be merged with Chemical Bank, yesterday said it had entered discussions with State Street Bank of Boston to sell *its Japanese trust subsidiary.*

The proposed sale, which is subject to Finance Ministry approval, would mark the first withdrawal by a foreign bank from the trust business.

Nearly all banks in the business saw profits fall in the year to end March, 1991. Some have incurred large losses, while Manufacturers Hanover saw its pre-tax profits fall 53 per cent to Y214m.

State Street said it recognised the mainstream trust business was currently not very profitable. However, State Street was looking for ways to expand its custodial banking business in Japan and needed a trust licence. This could only be acquired by purchasing an existing licence, which would allow it to engage in certain types of asset management.

State Street is a specialist bank which has a large business in processing securities and record keeping for US mutual funds. It established its Tokyo branch only last year.

Manufacturers Hanover said the discussions with State Street were unrelated to its agreement to merge with Chemical. It said it wished to focus its Japanese business on more profitable credit and capital markets activities.

Ruling 'threatens credibility of SE'

By Hilary Barnes in Copenhagen

A *CASE* involving the rights of minority shareholders threatens the credibility of the Copenhagen Stock Exchange, according to a ruling from the Ministry of Industry appeal board.

The board reviewed a complaint raised by Brancor Securities, the Copenhagen securities firm, on behalf of foreign investors. The stock exchange rejected the complaint and in so doing misinterpreted the exchange's ethical code, said the review board.

The case arose when 40 per cent of the shares in Norden, the property company, were sold to another property company, Kjobenhavnske Ejendomssocietet (KE) in 1989 with no offer made to minority shareholders.

If the review board's conclusion leads to an offer being made now to minority shareholders, the offer would cost KE's major shareholders, Commercial Holding and Sparekassen Sydjylland, a total of DKr144m ($21m), according to Brancor.

"In the longer term, things like this can place the credibility of the Copenhagen Stock Exchange, at home and internationally, at risk," said the appeal board.

Christiania Bank in NKr300m loan loss

By Karen Fossli in Oslo

CHRISTIANIA Bank, Norway's second biggest bank, has suffered a NKr300m loan loss following the bankruptcy of shipping group Fearnley & Eger, whose majority owner, Mr Nils Jorgan Astrup, is under *investigation by police.*

The NKr300m loan loss is a considerable blow to Christiania. Until now the bank, which has experienced credit losses in almost every area of its operations, had looked upon shipping as one of its most solid business engagements.

Christiania's credit losses *have been greatest in the financing*, real estate and commercial services sectors, representing 10 per cent of total loans and 26 per cent of actual and *estimated* first-quarter loan losses.

The bank is due to announce first-half results on August 22, but was forced yesterday by *stock market speculation to* release the shipping loan loss figure.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday August 14 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Tue Aug 13: Index No.	Mon Aug 12: Index No.	Fri Aug 9: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (184)	839.09	+1.2	10.07	5.75	12.26	23.39	829.06	825.75	826.26	812.61
2 Building Materials (24)	1058.55	+0.9	8.70	5.87	14.59	31.82	1048.85	1046.32	1047.84	1038.77
3 Contracting, Construction (31)	1144.14	+0.9	9.61	6.82	13.74	32.68	1133.67	1130.50	1134.50	1336.02
4 Electricals (11)	2444.63	+0.5	10.48	5.45	12.14	63.95	2431.96	2423.40	2423.16	2176.25
5 Electronics (25)	1717.57	+0.7	8.74	5.25	14.70	48.40	1706.30	1710.85	1709.04	1674.11
6 Engineering-Aerospace (8)	421.76	+1.8	16.20	5.95	7.40	12.11	414.21	413.02	413.58	447.90
7 Engineering-General (45)	461.07	+1.2	11.56	5.56	10.61	13.33	455.49	453.90	456.18	452.46
8 Metals and Metal Forming (8)	449.11	+2.3	15.70	7.86	7.82	17.15	438.94	436.20	432.32	441.99
9 Motors (12)	350.95	+3.6	9.36	6.85	13.16	12.13	338.83	331.60	331.68	326.55
10 Other Industrial Materials (20)	1609.82	+1.0	8.65	5.00	13.61	36.42	1594.11	1586.45	1586.32	1459.21
21 CONSUMER GROUP (187)	1538.07	+1.1	7.50	3.55	16.44	26.76	1522.09	1509.54	1510.58	1243.74
22 Brewers and Distillers (22)	1885.04	+0.8	8.15	3.51	14.95	34.70	1869.30	1857.06	1849.54	1538.21
25 Food Manufacturing (19)	1206.06	+0.5	9.52	4.10	12.98	24.86	1200.63	1196.03	1192.08	1051.95
26 Food Retailing (17)	2641.96	+0.3	8.14	3.16	16.06	44.38	2634.36	2639.17	2643.39	2497.43
27 Health and Household (22)	3682.40	+1.5	5.26	2.35	21.67	35.00	3627.60	3567.47	3585.97	2442.33
29 Hotels and Leisure (23)	1348.64	+1.5	8.85	5.11	13.63	35.83	1328.77	1313.37	1311.04	1320.90
30 Media (26)	1446.34	+0.6	7.63	4.91	17.07	38.58	1437.37	1431.27	1443.52	0.00
31 Packaging, Paper & Printing (17)	751.35	+1.0	7.49	4.39	16.12	15.40	744.09	741.71	743.56	556.93
34 Stores (32)	1000.43	+1.6	7.66	3.72	17.05	17.12	984.95	975.47	973.01	796.70
35 Textiles (9)	596.48	+1.5	8.42	5.20	14.75	14.09	587.83	589.63	594.44	459.69
40 OTHER GROUPS (109)	1272.93	+0.7	9.69	5.06	12.87	31.65	1264.62	1259.51	1260.25	1088.19
41 Business Services (12)	1365.73	+1.3	7.70	4.77	15.65	29.77	1348.21	1334.56	1334.56	0.00
42 Chemicals (21)	1444.88	+0.5	7.10	4.99	17.39	45.88	1438.38	1435.78	1442.15	1111.15
43 Conglomerates (10)	1491.43	+0.7	9.98	7.07	12.10	35.14	1481.73	1472.97	1466.71	1097.37
44 Transport (13)	2290.10	+0.4	8.24	4.61	15.03	50.50	2281.73	2282.45	2281.97	2107.46
45 Electricity (16)	1215.58	+0.8	14.40	5.35	8.87	24.04	1204.00	1196.20	1209.06	0.00
46 Telephone Networks (4)	1522.89	+0.7	9.70	3.99	13.50	28.34	1512.97	1510.96	1509.59	1177.12
47 Water (10)	2409.21	...	16.90	6.39	6.55	118.37	2409.21	2378.56	2361.05	2004.04
48 Miscellaneous (23)	2016.12	+1.0	6.02	4.79	21.51	47.89	1995.94	1987.18	1985.64	1640.67
49 INDUSTRIAL GROUP (480)	1282.96	+1.0	8.70	4.46	14.23	28.00	1270.85	1263.16	1263.95	1097.33
51 Oil & Gas (20)	2437.21	+0.2	10.73	5.65	12.29	77.74	2432.89	2422.78	2412.53	2438.59
59 500 SHARE INDEX (500)	1381.72	+0.9	8.95	4.61	13.96	31.95	1370.01	1362.85	1362.06	1207.63
61 FINANCIAL GROUP (92)	827.99	+1.3	-	5.62	-	26.77	817.33	812.84	817.94	748.93
62 Banks (9)	960.53	+1.8	4.44	5.55	42.27	36.83	943.26	934.37	944.63	792.22
65 Insurance (Life) (7)	1601.45	+2.3	-	5.17	-	41.64	1565.77	1568.59	1564.93	1390.77
66 Insurance (Composite) (6)	673.05	-0.4	-	6.52	-	22.61	675.80	671.88	676.98	642.17
67 Insurance (Brokers) (9)	1172.03	+1.2	6.71	5.76	19.34	30.86	1157.95	1161.36	1160.08	906.59
68 Merchant Banks (7)	438.35	....	-	4.78	-	12.16	438.35	441.90	445.64	400.53
69 Property (36)	927.54	+1.4	5.99	5.02	23.75	20.96	914.92	907.71	909.82	1024.40
70 Other Financial (18)	253.42	+0.7	11.32	7.15	11.06	7.99	251.62	251.29	251.79	273.00
71 Investment Trusts (69)	1227.53	+0.8	-	3.49	-	22.35	1218.10	1212.38	1216.03	1121.99
99 ALL-SHARE INDEX (661)	1246.95	+0.9	-	4.71	-	30.23	1235.68	1228.59	1229.72	1096.82

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 13	Aug 12	Aug 9	Aug 8	Aug 7	Year ago
FT-SE 100 SHARE INDEX♦	2608.8	+23.9	2611.6	2589.9	2584.9	2569.4	2570.6	2600.6	2597.4	2239.3

FIXED INTEREST

PRICE INDICES	Wed Aug 14	Day's change %	Tue Aug 13	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.60	+0.05	121.54	2.05	7.30
2 5-15 years (27)	132.33	+0.10	132.20	1.88	8.78
3 Over 15 years (9)	141.40	+0.09	141.27	3.19	6.83
4 Irredeemables (6)	155.45	-0.09	155.60	3.01	7.34
5 All stocks (70)	131.34	+0.08	131.24	2.09	8.20
Index-Linked					
6 Up to 5 years (1)	161.66	+0.11	161.49	0.85	2.72
7 Over 5 years (10)	145.21	-0.02	145.23	0.56	2.95
8 All stocks (11)	146.26	-0.01	146.28	0.57	2.94
9 Debs & Loans (58)	110.10	+0.03	110.07	1.67	7.16

AVERAGE GROSS REDEMPTION YIELDS		Wed Aug 14	Tue Aug 13	Year ago (approx.)
British Government				
1 Low	5 years	8.89	8.92	11.06
2 Coupons	15 years	9.73	9.73	11.06
3 (0%-7¾%)	20 years	9.73	9.73	11.11
4 Medium	5 years	10.08	10.09	12.18
5 Coupons	15 years	9.91	9.92	11.61
6 (8%-10¾%)	20 years	9.86	9.86	11.51
7 High	5 years	10.26	10.27	12.29
8 Coupons	15 years	10.03	10.04	11.87
9 (11%-)	20 years	9.93	9.94	11.80
10 Irredeemables	†	9.92	9.91	11.18
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.23	4.26	4.86
12 Inflation rate 5%	Over 5 yrs.	4.39	4.39	4.24
13 Inflation rate 10%	Up to 5 yrs.	3.34	3.37	3.81
14 Inflation rate 10%	Over 5 yrs.	4.21	4.21	4.07
15 Debs & Loans	5 years	11.73	11.73	14.18
16	15 years	11.50	11.50	13.17
17	25 years	11.32	11.32	12.83

♦Opening index 2589.9; 9 am 2597.0; 10 am 2597.8; 11 am 2600.1; Noon 2603.9; 1 pm 2610.6; 2 pm 2611.5; 2.30 pm 2611.1; 3 pm 2606.9; 4.10 pm 2607.3; (a) 1.47pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	16	15
Corporations, Dominion and Foreign Bonds	1	6	13
Industrials	427	117	963
Financial and Properties	191	53	496
Oils	27	16	45
Plantations	2	0	8
Mines	24	29	105
Others	82	18	59
Totals	806	255	1,704

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	45	10	Aegis Warrants 5p	43½		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- First Dealings Aug. 5
- Last Dealings Aug. 16
- Last Declarations Nov. 7
- For settlement Nov. 18

For rate indications see end of London Share Service

Calls: Braithwaite, Brown & Jackson, HTV, Kunick, Medeva, Microvitec, Next, Pathfinders Group, Racal Telecom, Tuskar Res. Puts: None. Puts & Calls: Crest Nicholson, Natl. Home Loans.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*589)	550	53½	65	80½	6	12	17½
	600	22	35	50½	23	32	35½
Unilever (*758)	750	35½	52½	68½	16½	24½	34
	800	12	27½	42½	44½	53½	58½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Glaxo (*1338)	1300	64	102	133	29½	49	61½
	1350	33½	75	106	56½	73½	85½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Columbia Gas $805m in red after contracts charge

By **Martin Dickson** in New York

COLUMBIA Gas System, the large US gas transmission business which went into Chapter 11 bankruptcy protection last month, yesterday announced a second-quarter loss of $804.9m, due mainly to a large charge to cover losses on long-term gas supply contracts.

Losses on these contracts tipped the group into its bankruptcy filing. The move has enabled it to seek a court order under which it could reject the problem contracts, which number more than 4,000.

When its difficulties emerged in June, Columbia warned that losses on the contracts could exceed $1bn and that a substantial proportion of this would have to be taken against second-quarter earnings.

It said yesterday that it was taking an after-tax charge of $765m. This reflected three elements: the projected losses it would suffer on the remaining life of the contracts; potential losses stemming from an agreement with customers helping it cope with excess gas supplies this summer; and the impact of its contract rejection on gas costs which had previously been capitalised and would now have to be written off.

The second-quarter net loss of $804.9m – $15.93 a share – compared with a loss of $4.6m, or 10 cents a share, in the same period last year.

The contract problems apart, the gas transmission side of the business was hit by unseasonal warm weather, while its oil and gas operations suffered from higher operation costs and a property write-down.

Columbia's problems stem from its signing of "take or pay contracts" under which companies agreed to buy supplies at fixed prices for long periods.

Warm weather in recent years and an abundance of supplies has sharply cut the spot price of gas and made Columbia's contracts uneconomical.

Shake-up endangers ACM bid

By **Kevin Brown** in Sydney

WESTERN Mining Corporation (WMC) and Normandy Poseidon, the resources groups bidding for Australian Consolidated Minerals (ACM), yesterday warned shareholders the offer would lapse if ACM completed a planned restructuring of its Mount Keith nickel project.

WMC and Normandy Poseidon are offering 90 cents a share for ACM through Resplendid, a jointly owned bid vehicle. The hostile offer values ACM at A$211m (US$165m).

An agreement between the bidders provides for WMC to take full control of the Mount Keith project, with ACM's gold mines and other assets going to Normandy Poseidon.

The deal would give WMC secure access to the low-grade ore at Mount Keith, in Western Australia, which could be used to feed its nickel smelter at nearby Kambalda.

However, ACM plans to restructure a deal with Outokumpu Minerals and Resources of Finland, under which Mount Keith would have been developed as a 50-50 joint venture. According to the revised proposals, ACM would retain 50 per cent ownership, but management control would pass to Outokumpu.

The deal would prevent WMC acquiring control of Mount Keith if the offer for ACM were successful.

The offer price for ACM is 7 cents below yesterday's closing price of 97 cents on the Australian Stock Exchange, but 18 per cent higher than the share price on the day before the bid was launched last month.

● **Pacific Dunlop**, the diversified Australian industrial group, said it would not increase its A$1.15 per share takeover offer for Petersville Sleigh, an associate of Mr John Spalvins' failed Adsteam group, in spite of the rejection of the bid by some Petersville directors.

Those Petersville directors who are not also directors of other Adsteam companies said earlier this week that the bid did not represent good value for money for shareholders.

Rivals seek control of Emerson board

By **Martin Dickson**

RIVAL suitors – one Canadian and one Swiss – are seeking boardroom control of Emerson Radio, a loss-making US distributor of consumer electronics.

The rivals are Semi-Tech (Global), a Hong Kong-based subsidiary of Canada's International Semi-Tech Microelectronics, and Fidenas Investment, a Swiss investment group which, with some 14.5 per cent of Emerson, is its largest shareholder.

Emerson, which recently announced a second-quarter net loss of $41.8m, reached a preliminary agreement in June to sell a 20 per cent stake to Semi-Tech, the owner of Singer Sewing Machine.

However, Emerson has said that, in view of its poor second-quarter results, Semi-Tech wants to revise the agreement. It would invest $40m in return for 17.4m shares and an improved warrants package.

Meanwhile, it added, Fidenas had proposed investing between $40m and $50m to acquire between 15.4m and 20.8m shares, with a warrants package similar to Semi-Tech's revised plan.

NWA to pursue Pan Am route

NORTHWEST Airlines, the fourth largest US carrier, has said it intends to pursue its proposed purchase of Pan Am's Detroit-London route authority, despite this being part of the package of assets which the bankrupt carrier has agreed to sell to Delta Air Lines, *writes Nikki Tait in New York.*

Lawyers for NWA objected to aspects of the Delta-Pan Am agreement at Monday's bankruptcy court hearing.

Although the bankruptcy court approved the deal, other regulatory consents are necessary, and Northwest could file objections with the US Department of Transportation.

NWA operates a hub at Detroit. It offered $20m for the route last month, or $35m if a Los Angeles-Mexico City authority was included.

A spokesman for the airline said yesterday that NWA would probably not pursue the proposed purchase of this latter authority.

MAS suffers operating loss

MALAYSIA Airline System, the national air carrier, has reported its first operating loss in nine years, despite a 26 per cent rise in revenues to M$2.9bn (US$1.05bn) for the year ended March, *writes Lim Siong Hoon in Kuala Lumpur.*

Group operating margin was omitted in the initial financial statement issued in June, when MAS reported a pre-tax profit of M$206m.

In its latest announcement, however, MAS said it suffered a pre-tax operating loss of M$168m against operating profit of M$146m.

Sales of aircraft and spares netted M$370m to produce a pre-tax profit of M$202m.

Domtex losses help provoke asset sale

By **Robert Gibbens** in Montreal

DOMINION TEXTILE, the Canadian integrated textile group, has moved into the red and is planning asset sales to reduce its C$560m (US$486.9m) borrowings.

Weak demand, low margins, high cotton prices and re-structuring charges helped push Domtex into an overall loss of C$128.8m, or C$4.07 a share, for the year ended June, 1991 against a profit of C$11m, or 19 cents a share, a year earlier. Revenues fell 8 per cent to C$1.27bn.

Special re-structuring charges totalled C$68m and were taken in the final quarter. Two thirds of Domtex's business comes from outside Canada, with plants in the US, Asia, Europe and North Africa. It is the world's leading denim cloth maker.

On an operating basis, Domtex nearly broke even in the final quarter. Denim sales gained 14 per cent in North America and US yarn sales were strong.

Mr Charles Hantho, president, said while there was hope for a turnround, debt reduction would receive priority.

The Montreal head office building has been sold and further asset sales, mainly in Canada, will follow.

● **Quebecor**, North America's second largest commercial printer and a leading Canadian newspaper publisher, earned C$11.1m in the first half. This was down from C$56.4m, on revenues of C$1.16bn, up 3 per cent.

Commercial printing did well and newspapers held up despite the recession, but the forest product operations, jointly owned with Maxwell Communication were hit by low newsprint and pulp prices.

Sea Containers up 17%

By **Karen Zagor** in New York

SEA CONTAINERS, the US container, ferry, leisure and property group, yesterday turned in a 17 per cent improvement in underlying second-quarter pre-tax earnings which rose to $19.7m from $16.8m last year, before extraordinary items.

Net earnings a year earlier had been distorted by a one-time gain of $130m. This came from a large asset sale and company restructuring which had inflated net income in the second quarter of 1990 to $141.8m or $12.59 a fully diluted share.

In the 1991 second quarter, the Bermuda-based company posted net income of $13.3m or $1.31 a fully diluted share. Revenue rose 7 per cent to $97m from $90.4m a year earlier. Earnings per share reflect a two-for-one stock split on July 5 this year.

Mr James Sherwood, president, said marine container demand was strong in the second quarter and the outlook for the third quarter was equally good.

In the first seven months of this year, Sea Containers acquired $61.9m of new containers.

Poor weather in the UK and the impact of recession hurt Sea Containers' ferry operations, but the company said the third quarter was "showing traditional strength in all routes".

BIL buys more Carter Holt rights

BRIERLEY Investments yesterday confirmed it had bought a further 24m rights for Carter Holt Harvey shares. Once exercised, this will give BIL 31 per cent of the forestry and fishing group, *writes Terry Hall in Wellington.*

The rights are part of a NZ$457m (US$263m) issue, underwritten by BIL.

Mr Paul Collins, chief executive, said BIL had stopped buying rights, but would be delighted if it could buy more shares as an underwriter. It believed that a further 1 per cent could be acquired this way. "I think the prices we have been paying for the rights represent good value," he said.

● The Chinese investment group **Minmetals** has bought a New Zealand property portfolio of 20 Auckland industrial properties for NZ$35.8m.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on August 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102⅛	102½	+⅛	7.18
ALBERTA PROVINCE 9 3/8 95	600	105	105¼	+⅛	7.91
AUSTRIA 8 1/2 00	400	100½	100¾	+⅛	8.40
BANK OF TOKYO 8 3/8 96	100	100¼	100¾	+⅛	8.29
BELGIUM 9 5/8 98	250	106⅛	106½	+⅛	8.41
BFCE 7 3/4 97	150	99⅞	100⅛	+⅛	7.88
BNP 8 5/8 94	300	102⅞	103⅛	+⅛	7.51
BP CAPITAL 9 5/8 93	150	103	103½		7.27
CANADA 9 96	1000	104⅞	105⅛	+⅛	7.70
CARGO 9 1/4 96	650	100⅞	101⅜	+½	9.02
CCCE 9 1/4 95	300	104⅝	105⅛		7.64
COUNCIL EUROPE 8 96	100	100¼	100⅝	+⅛	7.93
CREDIT FONCIER 9 1/2 99	300	105⅝	106	+⅛	8.44
DENMARK 0 98	250	57⅛	57⅝	+⅛	8.36
DENMARK 8 1/4 94	150	102¼	102⅝	+⅛	7.39
ECSC 8 1/4 96	193	101⅜	102⅛	+⅛	7.85
EEC 7 1/4 93	250	100⅛	100¼		6.95
EIB 7 3/4 96	250	100¼	100⅝	+⅛	7.68
EIB 9 1/4 97	1000	105	105¼	+⅛	8.18
ELEC DE FRANCE 9 98	200	103⅞	104⅛	+⅛	8.20
EUROFIMA 9 1/4 96	100	103⅝	104⅛		8.24
EXPORT DEV CORP 9 1/2 98	150	105⅝	106	+⅛	8.39
FINLAND 7 7/8 97	200	98⅝	99⅛	+⅛	8.18
FINNISH EXPORT 9 3/8 95	200	103⅞	104¼	-⅛	8.23
FORD MOTOR CREDIT 9 1/2 93	300	103	103½	-⅛	7.93
GEN ELEC CAPITAL 9 3/8 96	300	105¼	105⅝	+⅛	8.00
GMAC 9 1/8 96	200	102⅜	102¾	+½	8.45
HALIFAX 9 1/2 93	200	103¼	104		7.39
IBM WORLD TRADE 7 5/8 93	150	101⅛	101⅝	+⅛	7.04
IND BK JAPAN FIN 7 7/8 97	200	97½	98		8.43
INTER AMER DEV 7 5/8 96	200	98½	98⅞	+⅛	7.99
ITALY 8 1/2 94	1500	102⅞	103¼		7.44
JAPAN DEV BK 8 94	150	101⅜	101⅞		7.41
KANSAI ELEC PWR 10 96	350	106⅞	107⅝	+⅛	8.13
LTCB 8 5/8 93	150	101⅝	102⅛		7.44
NEW ZEALAND 8 93	100	101⅛	101⅝		7.30
NIPPON CRED BK 9 3/4 93	150	103⅞	104⅜		7.71
NIPPON TEL & TEL 9 3/8 95	200	104⅞	105¼	-⅛	7.89
NORDIC INV BANK 9 93	200	102⅞	103¼	-⅛	7.29
ONTARIO HYDRO 11 5/8 94	200	108⅝	109¼	+⅛	7.64
OSTER KONTROLLBANK 8 1/8 93	200	101¼	102⅛		6.88
PETRO-CANADA 7 1/4 96	200	97¼	97⅝	+⅛	7.99
PRUDENTIAL RLTY SECS 0 99	365.216	52⅛	52⅝	-⅛	9.18
QUEBEC HYDRO 9 3/4 98	150	105½	106⅛	+½	8.67
QUEBEC PROV 9 98	200	101¾	102⅜	+⅛	8.63
SAINSBURY 9 1/8 96	150	104⅜	104⅞	+1⅛	8.04
SAS 10 99	200	101⅝	102⅝	+½	9.66
SBAB 9 1/2 95	500	104½	104⅞	-⅛	8.06
STATE BK STH AUST 9 1/4 93	100	102¼	102⅝	-⅛	7.53
SUMITOMO BK CAP MKT 9 3/8 93	150	103¼	103¾	-⅛	7.73
SWEDEN 8 1/8 94	150	100⅝	101¼	-⅛	7.86
SWEDISH EXPORT 9 5/8 93	100	103⅜	103¾	-⅛	7.16
TOKYO METROPOLIS 8 1/4 96	200	100⅞	101⅜		8.02
WORLD BANK 8 3/8 99	1500	101¼	101½	+⅛	8.33
WORLD BANK 8 3/4 97	1500	104	104¼	+⅛	8.00
XEROX CORPN 8 3/8 96	100	98¼	99¼	+1½	8.81

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPRIVEN 11 1/8 95	200	102	102¼	-⅛	10.48
BULGARIAN TRADE BK 8 1/2 96	200	81¼	82¼		13.84
DEUTSCHE BK FIN 5 5/8 96	750	88	88		8.79
DEUTSCHE FINANCE 7 1/2 95	1000	96⅛	96⅝	-⅛	8.60
EIB 5 3/4 98	400	85⅞	85⅞	+⅛	8.63
EIB 6 7/8 95	300	93	93		8.91
EUROFIMA 6 1/4 98	400	87¼	87¼		8.78
FERRO DEL STAT 5 3/8 93	500	95¼	95⅛	+⅛	9.15
FIRST INTERSTATE 5 3/4 96	300	82⅛	82½	-⅛	10.63
IND BK JAPAN FIN 5 5/8 96	200	87½	87½	+⅛	8.99
IND DEV BK INDIA 6 3/8 94	200	87	87	-⅛	11.21
LUFTHANSA INT FIN 5 7/8 98	500	85	85		8.94
NAT BK HUNGARY 8 96	200	90⅝	90⅞	-⅛	10.40
QUEBEC HYDRO 6 3/4 99	300	87⅞	87⅞		9.00
SWEDEN 6 1/8 98	300	86⅜	86⅜		8.85
VENEZUELA 8 1/4 93	100	95½	95⅛		10.56
WORLD BANK 0 15	2000	16	16		7.82
WORLD BANK 5 3/4 96	300	88½	88½		8.90
WORLD BANK 7 1/8 95	500	95⅞	95⅞	+⅛	8.59

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	90½	91½		6.90
AUSTRIA 4 5/8 98	100	88½	89		6.87
CHUJITSUYA 7 3/4 95	50	102	102½		7.16
COUNCIL EUROPE 4 3/4 98	250	88⅞	89	-⅛	6.95
EEC 5 1/2 00	100	90½	91		6.91
EIB 5 3/4 93	100	97⅛	98		7.12
ELEC DE FRANCE 7 1/4 06	100	103	104		6.91
FINLAND 5 3/8 95	150	96¼	96½	-⅛	6.41
GENERAL MOTORS 7 1/2 95	100	101	102	+½	7.16
JAPAN DEV BK 5 1/2 94	100	96½	97½	-½	7.06
KOBE 6 3/8 01	240	97¼	98		6.69
NEW ZEALAND 4 7/8 99	200	88½	89½		6.89
QUEBEC HYDRO 5 08	100	77	78	-⅛	7.46
WORLD BANK 5 03	150	85½	86½	-½	6.81
WORLD BANK 7 01	600	101⅞	102		6.72

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95⅛	96	+⅛	6.69
CREDIT FONCIER 5 1/4 94	20000	95⅝	95⅞	+⅛	6.82
DENMARK 7 95	40000	100⅞	101⅛	+⅛	6.69
EIB 4 5/8 94	40000	95¼	95⅝	+⅛	6.62
FINLAND 6 3/4 96	50000	100¼	100½	+⅛	6.67
GENERAL ELECTRIC 5 3/4 93	35000	98	98½	+⅛	7.06
INTER AMER DEV 7 1/4 00	30000	104	104¼	+⅛	6.63
KANSAI ELEC PWR 4 5/8 94	60000	94⅞	95⅛	+⅛	6.74
NIPPON TEL & TEL 5 7/8 96	50000	96⅞	97¼	+⅛	6.61
NORWAY 5 1/8 95	50000	95⅛	95⅜	+⅛	6.67
SNCF 6 3/4 00	30000	101⅛	101⅜	+⅛	6.57
SWEDEN 5 5/8 95	20000	96⅛	96⅛	+⅛	6.69
WORLD BANK 6 3/4 00	50000	101⅛	101½	+⅛	6.57

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94⅛	95⅛		9.37
KREDIETCORP 7 93 LFr	1000	95¾	96¾		9.45
WORLD BANK 8 96 LFr	1000	96¼	98½		9.00
RABOBANK 5 3/4 93 Fl	150	94⅝	95¾		9.61
UNILEVER 9 00 Fl	500	101⅞	102⅛	-⅛	8.68
BCE INC 9 5/8 93 C$	300	99½	100	+⅛	9.90
BELL CANADA 10 5/8 99 C$	150	99⅞	100⅛	+⅛	10.64
BRITISH COLUMBIA 9 1/4 93 C$	150	99⅜	99⅞	+⅛	9.63
EIB 10 1/8 98 C$	130	99⅛	100⅛	-⅛	10.29
ELEC DE FRANCE 9 3/4 99 C$	275	96⅞	97⅜	+⅛	10.33
FORD CREDIT CANADA 10 94 C$	100	98½	99	-⅛	10.61
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅞	101½		9.81
ONTARIO HYDRO 10 7/8 99 C$	500	101⅛	101½	+⅛	10.60
OSTER KONTROLLBANK 10 1/4 99 C$	150	100	100½	+⅛	10.25
QUEBEC PROV 10 1/2 98 C$	200	99⅜	99⅞	+⅛	10.60
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅜	99⅞		10.60
SWEDEN 9 3/4 93 C$	250	100⅜	100⅞		9.45
BELGIUM 9 1/8 96 Ecu	1250	99⅜	99⅞	+⅛	9.17
CNT 7 3/8 93 Ecu	250	95⅝	96⅛	+⅛	10.03
CREDIT LYONNAIS 9 96 Ecu	125	96¼	98	-⅛	10.01
DENMARK 7 5/8 96 Ecu	250	91⅝	92⅝	+½	9.92
EEC 7 5/8 94 Ecu	200	96⅛	96⅝		9.38
EIB 10 97 Ecu	1125	104	104¼		9.02
ITALY 10 3/4 00 Ecu	1000	108¼	108½	+⅛	9.31
UNITED KINGDOM 9 1/8 01 Ecu	2750	100	100¼	+⅛	9.11
BP AMERICA 12 1/4 96 A$	100	103⅛	103¼	+⅛	11.25
COMM BK AUSTRALIA 13 3/4 99 A$	100	109⅛	109⅝	+⅛	11.92
COUNCIL EUROPE 13 93 A$	50	101¼	101⅞	+⅛	12.02
EKSPORTFINANS 12 3/8 95 A$	75	103⅜	103⅞	+⅛	11.20
FORD CRED AUST 13 93 A$	50	100	100¼	-½	12.86
MCDONALDS CANADA 15 95 A$	100	109¼	109⅝		11.89
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106⅛	106⅞		11.57
STATE BK NSW 14 1/4 99 A$	100	109½	109⅞		12.32
VOLKSWAGEN INTL 15 94 A$	100	106⅞	107¼	-⅛	11.78
ABBEY NATL TREAS 13 3/8 95 £	100	106⅝	107⅛	+⅛	10.95
BARCLAYS JERSEY 9 1/2 93 £	250	97⅞	98¼		10.90
BRITISH GAS 12 3/4 95 £	300	105¼	105⅝		10.81
DEUTSCHE BK FIN 11 94 £	225	100⅞	101¼	+⅛	10.51
EIB 10 97 £	386.5	97½	98	+⅛	10.53
FORD CREDIT FUNDING 9 5/8 93 £	50	97	97½		11.63
INTER AMER DEV 11 3/8 95 £	75	102½	103		10.51
ITALY 10 1/2 14 £	400	96	96¼	+⅛	10.97
LAND SECS 9 1/2 07 £	200	83	83⅜	-⅛	11.93
LEEDS PERMANENT 9 1/4 93 £	50	97	97½		11.14
NORWAY 10 1/2 94 £	200	99⅞	100¼	+⅛	10.50
ROLLS-ROYCE 9 5/8 93 £	150	97	97½	-⅛	11.45
SAINSBURY 10 7/8 93 £	100	99¼	100¼		10.97
SKANDINAVISKA ENSK 13 1/8 95 £	100	105½	106¼	+1	11.10
WORLD BANK 11 1/4 95 £	100	102	102½		10.54
ABBEY NATIONAL 0 96 NZ$	100	59		-⅛	10.81
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105	-⅛	10.86
AIDC 7 7/8 93 FFr	600	96⅛	96½	+⅛	9.96
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101½		9.61
EURATOM 7 5/8 98 FFr	500	92¼	92¾	+⅛	9.19

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.16	100.26	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.48	99.58	11.2050
BANCO ROMA 0.03 01	200	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	200	99.55	99.66	6.5000
BELGIUM 1/16 97 DM	500	100.00	100.11	9.1250
BFCE -0.02 96	350	100.00	100.10	6.1050
BNP 05	300	95.88	96.88	6.3125
BRITANNIA 1/10 96 £	150	99.08	99.28	11.2250
CCCE 06 ECU	200	99.98	100.07	9.5938
CITIZENS FED 0.15 96	100	99.35	99.80	7.0250
COMMERZBK O/S FIN 93	200	99.99	100.09	5.8750
DENMARK -1/8 96	1000	99.53	99.63	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.04	9.2813
ELEC DE FRANCE 1/8 99	400	100.38	100.75	7.0000
FERRO DEL STAT 94	200	100.45	100.70	6.8750
HALIFAX 1/10 94 £	200	99.80	99.90	11.1000
ITALY 00	500	100.83	100.93	6.3750
MITSUI FIN ASIA 1/8 96	100	99.55	99.65	7.0000
MORGAN (JP) 1/4 97	250	98.50	99.13	6.2500
NAT WEST FIN 3/16 05	400	92.00	93.50	6.5000
NEW ZEALAND 93	500	99.87	99.97	6.5000
QUEBEC PROV 01	300	96.86	97.07	6.1250
RENFE 98	300	99.96	100.06	6.0625
SOCIETE GENERALE 96	300	99.27	99.37	6.3125
STATE BK VICTORIA 0.05 99	125	98.50	98.75	6.4875
UNITED KINGDOM -1/8 96	4000	100.00	100.03	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	115¼	116¼	+10.24
ASDA-MFI 4 3/4 02 £	100	1.64	118	119	
BURTON GROUP 4 3/4 01 £	110	2.38	119	120½	
EASTMAN KODAK 6 3/8 01	300	50.67	98½	99½	+15.73
GOLD KALGOORLIE 7 1/2 00	65	1.0554	69½	70½	+37.76
GOODYEAR TIRE 6 7/8 03	150	80¼	78	79	+70.91
GRACE (WR) 6 1/4 02	150	42¼	99	100	+11.96
HANSON 9 1/2 06 £	500	2.5875	99⅞	100⅝	+18.82
HAWLEY 6 02 PREF	400	19.1	74½	79	
HILLSDOWN 4 1/2 02 £	150	4.16	111⅞	113¼	
INTL PAPER 5 3/4 02	200	68½	103½	104½	+4.26
LAND SECS 6 3/4 02 £	84	6.72	85⅞	86⅞	+14.73
MITSUBISHI BK 1 3/4 02	300	2727.1	110	111¼	+1.19
OGDEN 6 02	85	39.077	70⅛	71⅛	+35.45
PACIFIC DUNLOP 6 3/4 97	75	3.749	105¼	106¼	-0.41
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	83⅞	84⅞	
THORN EMI 5 3/4 04 £	103	7.45	116⅞	117⅞	+8.43

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day = Change on day
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Prices for electricity determined for the purposes of the electricity pooling and settlement Arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 15.08.91: Pool purchase price £/MWh	Final Prices for Trading on 18.07.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.00	15.86	15.86
0100	15.73	18.58	20.35
0130	15.55	15.61	15.61
0200	15.55	15.61	15.61
0230	15.55	15.61	15.61
0300	15.55	15.57	15.57
0330	15.51	15.57	15.57
0400	15.55	15.54	15.54
0430	15.55	15.54	15.54
0500	16.51	15.54	15.54
0530	15.50	20.60	22.40
0600	15.50	18.13	19.89
0630	15.67	18.13	19.89
0700	15.84	18.13	19.89
0730	16.99	18.80	20.57
0800	18.46	20.09	21.89
0830	18.47	20.74	21.94
0900	21.97	21.47	23.37
0930	22.01	21.70	23.67
1000	22.06	21.86	23.87
1030	22.06	22.03	24.10
1100	22.05	22.28	24.42
1130	22.08	22.87	24.91
1200	22.08	31.16	33.60
1230	22.04	30.90	33.27
1300	22.00	30.39	32.65
1330	21.97	21.57	23.51
1400	25.78	21.37	23.24
1430	25.78	21.31	23.16
1500	25.78	21.30	23.14
1530	21.98	21.29	23.13
1600	21.96	30.88	32.97
1630	21.97	31.00	32.95
1700	21.97	28.73	28.84
1730	21.96	21.30	23.11
1800	19.88	21.26	23.07
1830	19.67	21.24	23.05
1900	19.67	19.39	21.16
1930	19.67	19.00	20.77
2000	21.73	18.62	20.38
2030	21.73	18.29	20.04
2100	21.73	21.24	23.08
2130	21.73	21.24	23.07
2200	18.17	21.24	23.05
2230	18.17	27.61	29.45
2300	17.35	27.61	29.46
2330	16.99	18.14	19.86
2400	16.99	15.67	15.67

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.85/MWh becomes 1.685p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Continent helps restrict decline at Queens Moat

By David Churchill, Leisure Industries Correspondent

THE SEVERE impact of the recession on the hotel sector was yesterday underlined by Queens Moat Houses, the UK's second largest hotel chain, which announced pre-tax profits of £36.2m for the six months to July 7 compared with £39.5m in the same period of 1990.

The downturn would have been even greater but for the group's spread of hotels across the Continent. Some 90 out of a total of 19[illegible] hotels are based on the Continent and these accounted for 48 per cent of the pre-tax outcome.

The share price closed 3p higher at 87p.

Mr John Bairstow, chairman, said that "trading conditions in the UK in the first half of the financial year were the toughest ever faced by the company." The worst impact was felt during January and February when the Gulf war was at its height.

"The war affected all our markets quite sharply," he said. "But while the continental markets picked up straight away, the UK recession meant that recovery in the UK was much slower."

Mr Bairstow said that while there had been some upturn in demand for UK hotels which catered for international travellers, the recovery had been inconsistent. "We can't identify why some hotels are doing better and worse than others; there seems no pattern to it."

He said that the German market, where Queens Moat operates some 35 hotels and is the largest single chain, had been buoyant and showed no signs of slowing. Trading profits from the German hotels increased by 23 per cent.

Overall profits were reduced by interest payments up from £18.3m to £28.8m – reflecting the expansion of the hotel chain over the past year. However, a £184m rights issue last May reduced gearing from about 70 per cent to 45 per cent. The issue was accompanied by an £45m acquisition of some 15 hotels in Austria and eastern Europe.

However, Mr Bairstow yesterday ruled out any further acquisitions in the short-term but said that the UK's economic recovery "will be accompanied by especially attractive opportunities to acquire assets and businesses."

Turnover totalled £213.4m (£207.6m). The interim dividend is raised to 1.342p (1.22p), payable from fully diluted earnings of 3.29p (3.69p) per share.

See Lex

VSEL diversifies offshore

By Andrew Bolger

VSEL, the Cumbrian-based builder of Trident submarines, yesterday announced a small but strategic acquisition in the offshore engineering industry.

It is paying £2.73m for Sealand Industries, which designs and installs a range of well-head control equipment used by the oil and gas industries. Some of Sealand's more specialised equipment is used in petrochemical installations, power generation and telecommunications. VSEL will also refinance £3.1m of Sealand's loans.

The Sealand business will remain at its base in Cumbernauld, Scotland, but VSEL said some future manufacturing work could go to the group's yard at Barrow-in-Furness, Cumbria, where thousands of jobs will be lost as the Trident construction programme winds down.

Mr Norman Broadhurst, VSEL's finance director, said that although the acquisition was small it was important because Sealand had a strong marketing position in the offshore industry.

Sealand made pre-tax profits of £177,000 on sales of £5.86m in the year to March 31. At that date it had net assets of £1.27m.

Mr Broadhurst said VSEL intended to make further acquisitions to acquire "beachheads" in the offshore industry and the two other areas chosen for diversification by the group, waste management and power generation.

VSEL, which had turnover last year of £522.6m, aims to produce of annual turnover of at least £100m by 1995 from these diversified activities.

Mr Broadhurst said the group intended to reduce the current workforce of 11,200 at Barrow to between 7,000 and 9,000 by 1995, when the Trident construction programme will be completed.

VSEL was still in talks with potential buyers of its Cammell Laird warship building yard at Birkenhead on Merseyside, which employs 2,000 workers.

Mr Neil MacDonald, the managing director of Sealand, will become managing director of VSEL's new offshore oil and gas division.

Sealand, which employs 90 people in Cumbernauld, was bought out four years ago from Triplex Lloyd, the industrial engineering and building products group.

Whinney jumps 59% to £0.5m

By Peggy Hollinger

SHARES IN Whinney Mackay-Lewis jumped 9p to 37p yesterday as the USM-quoted architectural practice announced a sharp rise in annual profits and earnings.

Mr Jeremy Mackay-Lewis, chairman, said the group had retained a higher workload than might have been expected during the current downturn in the building sector.

Taxable profits rose 59 per cent to £576,000 (£362,000) for the year to April 30 on turnover of £7.66m (£6.65m). The results include the acquisition in March last year of Hoggett Lock-Necrews, the Cardiff architects.

Earnings per share rose 28 per cent to 5.1p (4p). The final dividend is again 1.25p for a maintained total of 2p.

Mr Ian Gardner, finance director, said the earnings increase reflected better management throughout the group, which had been reorganised into four divisions: urban, regional, interiors and technical and support staff.

Mr John Lock-Necrews, joint managing director, said the reorganisation had resulted in significant cost savings.

But a difficult year at the Plymouth business, Hitch Associates, resulted in its staff being halved to 10.

The year ended with gross debt at £3.8m (£3.9m). The increase in interest charges from £616,000 to £725,000 was due largely to higher rates, mainly on borrowings against the freehold offices in London. Gearing is 90 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abingworth ....fin	4	Oct 11	1.5	4	1.5
Abingworth ....int	1.5	Oct 11	nil	-	4
Benchmark ....fin	nil	-	nil	nil	0.75
Britannic Assce ......int	9.2	Oct 4	8	-	25.3
Heath (Samuel) ......fin	4	Oct 1	9.5☆	5.5	11☆
Nichols (Vimto) ....int	4.6	Oct 28	4.3	-	11
N Midland Const .....int	0.5	Sept 27	0.5	-	1.25
Queens Moat ....int	1.342†	Oct 21	1.22	-	2.62
Rexmore ....fin	1.55	Oct 9	1.55	2.25	2.25
Ultramar ....int	3.5	Oct 31	3.5	-	10.5
Ward Holdings ....int	0.5	Oct 8	0.5	-	2.6
Whinney Mackay § ...fin	1.25	Oct 3	1.25	2	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Included centenary bonus of 5.5p.

Former ADT glazing offshoot in administration

By Richard Gourlay

ALPINE DOUBLE-Glazing, a UK home improvement company once owned by ADT, the securities and car auction company, has been put into administration less than seven months after its sale back to ADT was called off at the last moment.

Alpine went into administration on August 9 with debts of between £2m and £6m according to administrators Leonard Curtis. Until earlier this year, Alpine was part of Raptor, a subsidiary of Sechura, itself a Canadian subsidiary of ADT until a reorganisation in January.

ADT was to have bought Raptor back as part of the reorganisation, but after the agreement was approved by Sechura shareholders Raptor was sold to a private trade buyer, ADT said yesterday.

Raptor owes ADT $31.6m (£18.7m), according to documents lodged with the Securities and Exchange Commission in Washington. ADT expects Raptor to repay that debt this year through asset sales.

These assets included four home improvement businesses – Dolphin Showers, Sharps Bedrooms, Orama Fabrications and Alpine Double-Glazing as well as Insight, a travel company. However, a valuation by Lehman Brothers International in connection with the proposed sale of Raptor to ADT put a value of between minus C$11.64m and plus C$8.09m on Raptor's assets.

ADT said the valuation last December was made at the height of recession and included the loss-making home improvement companies.

Mr George Allison, the Sechura company secretary, said yesterday he was unaware Raptor's sale back to ADT had not gone ahead.

According to the administrators, Alpine was sold to Faithalter in July, less than a month before it sought court protection from its creditors. It is not clear who bought Alpine from Raptor or sold it to Faithalter.

Alpine's last accounts showed pre-tax losses of £3.32m on sales of £8.5m in 1989. The previous year its losses were £1.27m.

Sales had fallen from £20m in previous years as the company changed its operations in 1987 from the manufacture to the franchising of double-glazing.

The company is understood to have faced problems with its contingent liabilities related to guarantees.

Directors of Alpine yesterday refused to comment on the recent changes of ownership.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Blagden Inds, Glynwed Intl, Hickson Intl, Johnson Group Cleaners, Merlin Intl Green Inv Tst, Molynx, News International, Royal Insurance, Thomson Corporation.
Final- Sutcliffe Speakman.

FUTURE DATES

Interims-

EIS	Sep. 16
Guardian Royal Exchange	Aug. 29
Saatchi & Saatchi	Sep. 5
Trencherwood	Aug. 21
Unidare	Sep. 2

Samuel Heath falls

Samuel Heath & Sons, the building and giftware group, reported pre-tax profits down by some 65 per cent, from £1.06m to £377,000, for the year ended March 31 1991, following a drop of 37 per cent to £210,000 at halftime. Turnover fell from £8.05m to £7.22m.

The basic dividend is unchanged at 5.5p, with a 4p final, but last time there was a centenary payment of 5.5p. Earnings per share were 8.3p (22.9p).

Tenacious defence put to the test

Alan Cane on EDS's bid for SD-Scicon, which closes on Saturday

THE STRUGGLE for control of SD-Scicon, the UK computing services company, comes to a watershed next Saturday with the closure of Electronic Data Systems' final offer of 60p per share.

Whatever the outcome, the battle has significantly enhanced the City's view of Mr John Jackson, who took over as non-executive chairman only weeks before SD-Scicon was put into play with an £111m bid from Cray Electronics.

In May, few would have predicted that the struggle would have lasted so long, or been fought with such tenacity.

SD-Scicon seemed in desperate trouble, its top management discredited after a series of disappointing results, its accounts leaking red ink to the tune of £20m through a huge provision for poorly controlled fixed-price contracts.

British Aerospace, its main shareholder with 25 per cent, made it clear it wanted out for cash. (It sold to EDS at 45p per share, less than half the price at which it bought in three years ago).

Cray Electronics, burdened with debt and itself recovering from poor results, was an unconvincing suitor.

However, when EDS, the information technology subsidiary of General Motors of the US, the world's largest industrial company, made a competitive bid worth £121m, it seemed the battle was effectively over.

The financial and management strengths and technological skills of EDS are beyond doubt. A bid it made several years ago for Logica was only disallowed by the government in the national interest.

Mr Jackson has a string of directorships in high technology companies, but is new to the small world of computing services.

He decided, nevertheless, to spearhead SD-Scicon's defence, leaving Mr Philip Swinstead, the founder and chief executive, to run the day-to-day business.

Mr Jackson set to work to rebuild SD-Scicon's image as a top quality software house which merited a far higher price than either Cray or EDS was offering. A key argument was that new managers had been brought in to ensure the fixed price contract debacle would not recur.

He has been rewarded by the defeat of Cray, by EDS's increased offer of 60p per share, valuing the company at £162m and by the decision of several leading institutional investors to reject publicly EDS's final offer as inadequate.

Morgan Grenfell Asset Management, with a 15 per cent stake, now holds the key to SD-Scicon's future and is unlikely to declare its intentions before Saturday.

Two issues remain at stake. First, is EDS making SD-Scicon's shareholders an adequate offer? Second, what are the consequences of yet another leading UK computing company passing into foreign hands?

The answer to the first question turns on the quality of SD-Scicon's results and its prospects in the coming year. Last year it reported a £20m loss. At the half way stage this year it announced pre-tax profits of £5.9m and forecast not less than £14m for the full year.

Mr Jackson said the figures were completely clean, with no element of unwanted provisions thrown in.

The figures were met with some incredulity by EDS, by SD-Scicon's shareholders and by the software business in general. Only three months ago, EDS argued, James Capel, SD-Scicon's own broker, was looking for profits of only £3m.

The computing services business is going through some of the roughest times in memory, with companies like Hoskyns, accepted as a model of good management, showing sharply reduced growth in sales and profits.

SD-Scicon's management points out, however, that the profit figures at just over 4 per cent of sales were not remarkable by computing industry standards. By comparison, Hoskyns' half-year profits as a percentage of sales were over 8 per cent.

Mr Jackson claims that the troubled contracts will be completed by the year end; some 75 per cent of the provisions had already been used in their completion.

EDS points out that a substantial share of SD-Scicon's profits come from its US vehicle emissions monitoring operation – which is the subject of a legal dispute. SD-Scicon could be forced to sell the unit, it argues, a claim Mr Jackson rejects.

The fact remains that to many of SD-Scicon's institutional shareholders and to industry observers, the EDS offer seems low. Nobody is seriously questioning that at 80p-85p, EDS would meet little resistance in securing control of the company.

EDS has consistently argued that it values SD-Scicon at 45p per share; the increase to 60p was made only when it became clear that it would not succeed at the lower price. It believes that profits recovery at SD-Scicon will be neither certain nor easy.

In a final document circulated yesterday EDS warned: "Dreams for the future, with your investment in the hands of the same old executive board, are no substitute for a certain cash offer today."

There has been plenty of talk from SD-Scicon of white knights waiting in the wings, but it would be unrealistic to expect new bidders to emerge at this stage. If EDS's bid fails on Saturday, it will be unable to mount a further hostile bid for a year, leaving the field clear for others.

The question of SD-Scicon as a national asset is now chiefly academic. It is generally accepted that only computing services companies with global presence, substantial resources and broad technical skills will be qualified to compete for the large systems integration contracts to be awarded in the future. No matter who wins on Saturday, SD-Scicon is unlikely to be able to remain independent for long.

John Jackson: has won backing of many institutions

Abingworth to retain its listing after liquidation

By Charles Batchelor

ABINGWORTH, a venture capital company with investment trust status, yesterday announced plans to retain its stock market listing for two to three years after its proposed voluntary liquidation.

The aim of the retained listing, which has obtained Inland Revenue and Stock Exchange approval, is to allow the management to dispose of its unquoted company investments in an orderly fashion.

Abingworth, nevertheless, expects to return at least 230p per share to investors before the end of 1991. It expects to raise £7.9m from the settlement in September of a currency hedging arrangement, while a further £4m will come from the sale of quoted shares.

Net assets were £77.3m at the June 30 year end, equivalent to 379p per share after allowing for a proposed 4p dividend (1.5p) for the year. A total of £39m was held in gilt-edged securities or cash, £6.9m in quoted shares, and £22.7m in unquoted securities.

Pre-tax profits last year rose from £557,000 to £1.42m on total income ahead from £1.57m to £2.67m. Earnings increased from 1.9p to 4.6p. Directors also announced an interim dividend of 1.5p for the current year.

Shares worth £16.2m were sold last year for a net gain over cost of £8m. Approval for the liquidation will be sought at the annual meeting on October 16.

Abingworth Management, the six-strong executive team which manages Abingworth, also runs five other unlisted venture capital funds, four of which are based outside the UK. The managers plan to liquidate the other funds as they reach maturity, usually after about 10 years, and then raise new funds.

Across-the-board advance at Britannic Assurance

BRITANNIC ASSURANCE, the Birmingham-based life insurer, reported an across-the-board increase in new premium income in the first six months of 1991, writes Richard Lapper.

The interim dividend is raised to 9.2p compared with 8.2p last time.

The group's ordinary branch performed strongly, with revenues from life assurance rising to £34.9m against £23.1m last year. Ordinary branch pensions jumped 23 per cent to £36m.

The smaller unit-linked business also performed steadily with assurances up 45 per cent to £3.95m and pensions up 7.5 per cent to £3.29m.

Industrial branch income improved to £58m from £55.7m last time.

Underwriting losses grew from £2.41m to £3.4m on the back of an 8.6 per cent increase in premium income to £13.1m.

Investment income declined from £1.9m to £1.78m.

South Staffordshire to convert to plc

The South Staffordshire Waterworks Company, one of the statutory water companies in which Compagnie Générale des Eaux, the French utility, has a stake, hopes to convert to plc status by the middle of November.

South Staffordshire is the latest of the 29 statutory companies to seek conversion in order to remove constraints on the dividends they may pay out, the activities they may engage in and sources of funding.

Holders of the eight different classes of stock are to vote on the proposals at extraordinary meetings on September 12.

NEWS DIGEST

Burton cash call 88% taken up

ALMOST 88 per cent of Burton Group's 1-for-1 rights issue was taken up shareholders, in spite of several recommendations from leading analysts not to subscribe for the offer.

The success of the issue appeared to be in some doubt at one stage as Burton's share price dropped close to the subscription level of 30p; but the shares have firmed in the past few days and yesterday closed up 1p at 40¼p.

Mr Laurence Cooklin, chief executive, said; "We are delighted at the level of support shown by our shareholders."

The 12 per cent of the issue not taken up by existing shareholders was placed at 37.92p per share.

In spite of the success of the issue, Burton still faces a tough job combating current trading conditions.

Mr Cooklin said Burton would continue to look to dispose of its non-core interests at "a price which reflects their value".

Laurence Cooklin: chief executive of Burton Group

Flagstone £0.9m in the red

Losses deepened to £934,000 at Flagstone Holdings, the marine and leisure, property and industrial services group, in the year to January 31. At the half-way stage losses were £410,000 pre-tax while profits for the previous year were £285,000.

Directors said a complete lack of demand for both residential and commercial property and the effect of the recession on the industrial companies in which Flagstone has invested forced them to make provisions.

The company plans to diversify on the Continent. Searches for suitable companies are being guided by Mr Cosimo Corsi, who in February acquired a significant stake, and Mr Leonard Daniels. The appointment of both men to the board was announced yesterday.

Turnover in the 12 months dropped to £956,000 (£4.43m). Interest and dividends receivable amounted to £32,000 against a previous £127,000 and interest payable took £314,000 (£179,000). Losses per share of 0.68p compared with previous earnings of 0.17p.

Losses of £397,000 at Ward Holdings

Ward Holdings, the property group, moved into loss in the half year ended April 30 1991, as turnover fell, particularly in housebuilding.

The deficit worked through at £397,000, against profit of £1.64m, on turnover 36 per cent down at £14.3m. House sales dropped from £16.6m to £10m.

Mr Denis Ward, chairman, said it was now reasonable to project that the resurgence of the residential market would be delayed until 1992.

While the majority of the land bank had a value considerably exceeding cost, directors intended to review the value of certain specific sites acquired in 1988 at the end of October.

The group's property development operation had not been unduly affected, he said, and positive market interest had been sustained.

Losses per share were 0.5p (earnings 2p). The interim dividend is again 0.5p.

Nichols (Vimto) holds steady

In spite of a reduction in sales, JN Nichols (Vimto), the soft drink manufacturer, held its interim pre-tax profit at £3.16m, against £3.1m.

The soft drinks market suffered considerably from the poor weather in the six months ended June 30, and turnover dropped to £22.7m (£24.9m).

The effect was most marked on the sales of carbonated soft drinks, although Vimto increased its market share. Lack of demand for contract packing at Solent Canners meant its turnover was half that of 1990.

Exports to the Middle East had been high as the region became more stable after the Gulf war. For the first time in many years, shipments of concentrate were made to Egypt.

Earnings per share came to 13.2p (12.6p). The interim dividend is 4.6p (4.3p).

Marginal decline to £1m at Rexmore

Taxable profits of Rexmore, the Liverpool-based contract furnishing and timber group, dipped from £1.03m to £1m over the 12 months to March 30 1991.

Turnover totalled £43.4m (£54.2m) in difficult trading conditions. However, the figure masked an effective increase of some 6 per cent after stripping out Rosenthals and the softwood side of Hunter Fowles, both disposed of in 1989-90.

After tax reduced to £248,000 (£402,000) and minorities of £21,000 (£28,000) earnings per share emerged at 4.75p (3.57p). The total distribution is maintained at 2.25p via an unchanged final of 1.55p.

Extraordinary charges of £233,000 related mainly to losses on sale and closures of businesses.

Receiver for Western Selection offshoot

Western Selection has not been able to arrange new equity finance for its Duratube & Wire subsidiary, and National Westminster Bank, the debenture holder, has been asked to appoint administrative receivers for that company.

Full provision against Western's investment in Duratube was made in the interim figures published in July.

Directors are providing for the £375,000 cash deposited by Western with NatWest as further security for facilities made available to Duratube by the bank, because of the uncertainty as to the extent of recoveries by the debenture holder.

14% drop at North Midland Construct'n

Reduced margins caused by intense competition in the construction industry led to a 14 per cent drop to £452,000 in first half profit at North Midland Construction. Profits last time were £527,000.

Currently, there is a reasonably strong order book but the second half was unlikely to show any improvement, directors said. The group is in civil engineering, building and public works contracting.

Turnover in the period to June 30 rose to £13m (£12.3m). Earnings per share came to 3.01p (3.43p) and the interim dividend is again 0.5p.

SeaCon in the black in second quarter

Sea Containers, the Bermuda-based container lessor, ferries operator and leisure industry property investor, yesterday reported net earnings of $16m (£9.5m) from revenue of $97m for the second quarter to June 30.

After deducting first quarter losses of $6.5m the outcome for the six month period was reduced to $9.5m on total revenue of $172.8m.

Prior year comparisons are not meaningful because of major asset sales and restructuring which took place in the first half of 1990.

Mr James Sherwood, president, said marine container demand had continued strong in the second quarter and the outlook for the third quarter was equally good.

The company had completed a public offering of $110m of 8 per cent convertible preference shares in July, and was in the process of retiring £23m of 14 per cent preferred shares. That would improve annual earnings on common shares by some $1.4m, Mr Sherwood said.

Benchmark finishes with £4.9m deficit

After significant provisions, Benchmark Group, the financial services combine, finished with a loss of £4.93m for the year to June 30 1991 compared with £424,000.

The rights issue in June raised £6m and substantially restored the net asset position after total provisions, including extraordinary items, of £7.75m.

Banking showed a profit of £1.25m. Its agricultural leasing business made an increasingly important contribution; margins were maintained in spite of intense competition and tight credit control had minimised bad debts.

Property reported a loss of £4.52m, reflecting provisions of £4.21m made against the stock of completed but unsold properties.

Winding-down of the stockbroking division was substantially completed. Extraordinary provision of £2.49m was made in the interim results.

Turnover came to £18.8m (£26m). Losses per share were 8.42p (0.84p) and there is no dividend (0.75p interim).

As outlined in April, impetus for growth would come from diversifying into industry sectors complementary to those of the Hong Leong Group Malaysia and FLS Industries.

Japanese selling pushes platinum down $5 more

By Kenneth Gooding, Mining Correspondent

PLATINUM'S PRICE plunged again yesterday to close in London $5 a troy ounce down at $346. Traders said the market was "thin and nervous" as another drop was triggered by Japanese investors cutting their losses on contracts to buy platinum for future delivery.

Japanese dominate the platinum market and since the begining of August have been liquidating their contracts in response to a series of bearish developments for the precious metal, which is used primarily in automotive catalysts and jewellery.

The selling has forced platinum to its lowest level for five and a half years and to a discount to gold – something that has happened only briefly on two occasions since 1986.

Some analysts suggested that the discount to gold could widen from yesterday's $11.25 an ounce to $40 soon because the open interest in the Tokyo Commodity Exchange's platinum market yesterday stood at 390,909 lots, representing 180 tonnes of platinum. It was at its highest level since Tocom started listing the metal in 1984.

One Tokyo trader described the situation as "something like a time-bomb". Individual investors, who account for more than 75 per cent of the open interest, could stay in the market as long as they paid margin calls, he pointed out, "but many may not be willing to do this".

He said: "Most traders are bearish and see no prospect for of fundamental news to push up prices. So the investors may cut their losses and get out of the market. There could be a bandwagon mentality to sell".

Mr Andy Smith, analyst with Union Bank of Switzerland, pointed out that Soviet exports of platinum group metals was also having an impact on the platinum price by helping to give the impression that the market was awash with metal.

A 20 per cent fall in the price of rhodium in the past two weeks to below $3,000 an ounce showed that the Soviets were not confining precious metal exports to platinum, he suggested.

Hudbay in C$187m project go-ahead

By Kenneth Gooding

HUDSON BAY Mining and Smelting is going ahead with a C$187m (£96.4m) modernisation programme at its Manitoba metallurgical complex which was threatened with closure by new Canadian anti-pollution regulations which come into force in 1994.

This follows the acquisition of Hudbay for C$100m by Minorco, the Luxembourg-based investment arm of the Anglo American Corporation of South Africa.

Minorco has provided C$20m of interim finance so that engineering work can continue while arrangements to raise money in Canada towards the project are finalised.

Hudbay's previous owner, Inspiration Resources, the US natural resources group which in turn is 56 per cent-owned by Minorco, was having difficulty putting the finance in place.

This jeopardised 2,000 jobs in the Flin Flon area because Hudbay must reduce sulphur dioxide emissions – which cause acid rain – from the complex by 25 per cent by 1994.

However, the Manitoba provincial government is now offering C$55m towards the scheme and Minorco is negotiating with the federal government for another C$25m. The Bank of Nova Scotia is also expected to provide C$80m in loans.

Unlike Inspiration or Hudbay, Minorco is cash-rich. It had US$1.9bn of cash in the balance sheet at December 31 last year. Mr Dale Powell, Hudbay's vice-president, human resources, said yesterday that orders for equipment with long lead times had already been placed and construction work would start immediately finance was in place. He said work would be completed by the end of 1993.

Among other things, the Manitoba complex will get a new zinc pressure leaching system and a major modification to its copper smelter.

Last year Hudbay produced 137m lbs of refined copper and 162m lbs of slab zinc as well as 82,000 troy ounces of gold, 1.64m ounces of silver and 9.8m lbs of nickel. Its net earnings fell from C$46.4m to $16.6m.

In a separate transaction, Minorco also converted its Inspiration A shares into common shares and raised its voting interest in Inspiration from 42 per cent to 56 per cent in the process.

Doubts on L American coffee pact prospects

By Victoria Griffith in Rio de Janeiro

THE BRAZILIAN Coffee Committee, the body representing the key players in this country's coffee market, has voted to support a policy which would call on Latin America's main producers to withhold 10 per cent of production.

The Committee will meet today in New York, with representatives from Colombia, Costa Rica, El Salvador and Honduras to negotiate the details of such a plan. The coffee market is hoping the move will bolster sagging international coffee prices.

The plan was originally proposed by the Colombians. Under the terms of the agreement, Brazil would retain stocks of between 1.5m and 1.7m bags.

Brazilian coffee traders are sceptical of the viability of a Latin American coffee accord. They point out that the country will need the financial support of the World Bank or their respective federal governments to finance stock retention. So far, the Brazilian government has not committed itself to any such deal.

A Latin American coffee accord would aim at boosting arabica prices, excluding robusta producers in Africa.

"Even if they do manage to hold back stocks," said a Rio de Janeiro-based trader, "there would be no problem. For instance, who is going to make sure all the countries fulfill their part of the bargain? Supervision will be difficult. And there's so much coffee in the market anyway. I don't think that kind of deal would make a significant difference in prices."

World coffee producers are set to meet in September to talk about the possible return to an international accord. The coffee market is increasingly sceptical that very much will result from the meeting.

Brazil seems unlikely to accept a lower quota than it had two years ago, when it left the international coffee organisation, a concession traders deem necessary for a world agrement. And traders point out that the logistics of administering such an accord would take months to sort out.

● The Ivory Coast's 1990-91 (November-October) coffee production is likely to be about 240,000 tonnes and export availability will be boosted by a 30,000-tonnes carryover, a senior government official said, reports Reuters from Abidjan.

In January the US Department of Agriculture forecast 250,000 tonnes compared with about 286,000 tonnes in 1989-90.

Fashion takes the gold out of alpaca fleece

Sally Bowen looks at efforts to put the sheen back into a Peruvian business in crisis

On the unpromisingly barren high Andean plateau towards Lake Titicaca herds of alpaca roam as they have for over 6,000 years. For many Peruvian Indians, these animals represent the only meagre capital they possess.

For Peru's southern region of Arequipa, exports of alpaca fibre, cloth and knits represent four-fifths of all foreign currency earnings.

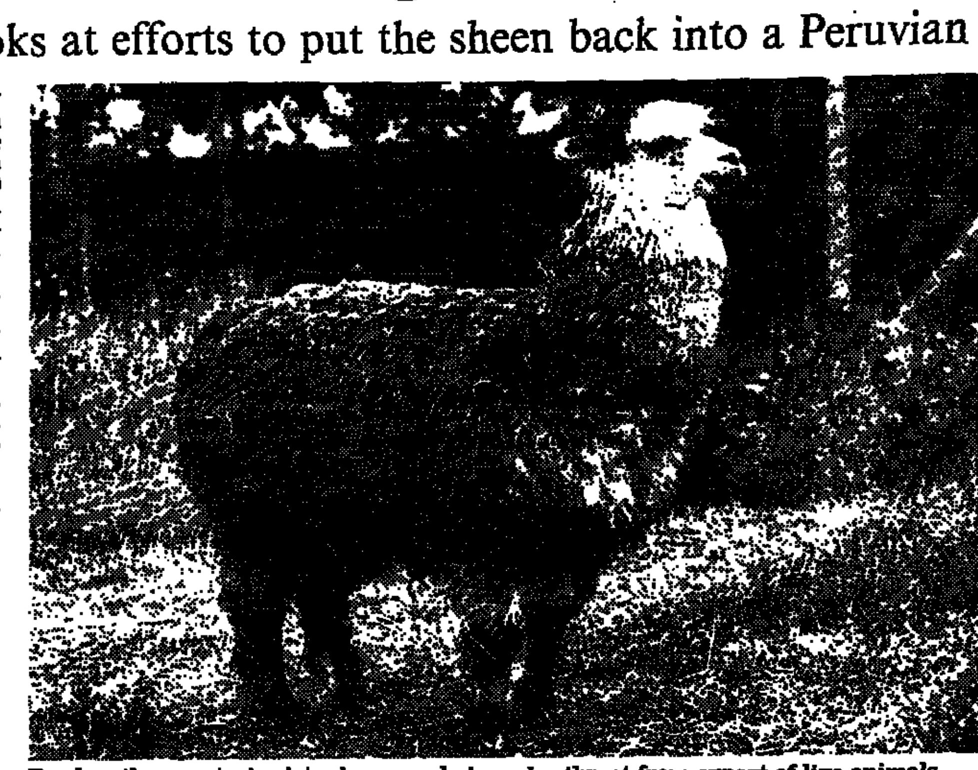
However, the Peruvian alpaca industry, worth upwards of $70m annually, is in crisis. Always closely linked to international wool price levels, alpaca has slumped to a third of its price of three years ago, when a kilogram of highest quality white alpaca "top" fetched $21.

"The current alpaca price is virtually the same as wool – that's incredible in historical terms," says Mr Anthony Michell, who runs the Arequipa-based operation his father founded 50 years ago.

"There's a current fashion trend away from 'hair-out' fibres such as angora, mohair and alpaca," according to Mr Francois Patthey, general manager of Inca Tops, whose father founded the company, Michell's rival, in 1957. "Additionally, the world market is moving into ever lighter fabrics, he adds."

Alpaca fibre – it is a hair, not a wool – normally weighs in at about 26 to 27 microns, against current fashion preferences for 21 to 22. "Baby", which comes from young animals or the short neck hair of adult beasts, can meet those requirements, but only around three per cent of all alpaca produced is "baby".

Peru is home to about 70 per cent of the world's alpaca population. And the two Arequipa firms, Michell and Inca Tops, have a virtual monopoly on Peruvian alpaca, buying between two and three tonnes each annually. Their agents purchase from individual small farmers throughout the Peruvian Andes, but fleeces are scoured and sorted in Arequipa. Sorting is a unexpectedly complex process involving selection for colour as well as quality to produce around a hundred different products.



Exodus: the country's virtual monopoly is under threat from export of live animals

For both Michell and Inca Tops, the past two decades have been marked by a progressive move into manufacturing. Raw fleece exporters for many years, both have had spinning and weaving operations since the early 1980s and in the past couple of years have moved into the currently most profitable end of the market, alpaca knits.

Inca Tops, in association with Italian fashion firm Lanìere Agnona, began producing upmarket alpaca fabrics in the early 1980s. Exports of cloth are now worth about $7m a year. And their sweater operation Tumi Knits, started in 1986, already employs 400 workers and will export $4m this year.

Hand-finished garments are produced on sophisticated, computer-controlled Japanese knitting machines- -Inca Tops have invested in another four this year. "The cloth and knits markets are far less susceptible to international price fluctuations than are raw fibre or tops," says Mr Patthey.

Apart from the, probably temporary, world price problem and an over-valued local currency, supply is another brake for the alpaca industry. Michell alone has sufficient installed capacity to process all the alpaca fibre Peru's couple of million animals produce.

"Supply has always been a headache for us," says Anthony Michell. "Indian farmers are poorly educated, yields are low and young animal mortality is high. If demand were to rise, we'd have problems meeting it."

Michell compensates for erratic supply by purchasing and processing sheep wool alongside its alpaca operation to produce blends. Another venture, so far only embryonic, is breeding of angora rabbits for hair, to mix with alpaca for specialist yarns and cloths.

Angora has suffered the same temporary fashion fate as all hair-out fibres, and Michell's rabbits have been cut from 25,000 back to 10,000. The price of hair, at $100 per kilogram when they embarked on the experiment, is down to $30.

Both companies have attempted to resolve some of the low yield problems caused by primitive alpaca farming methods. Michell had an experimental farm in the high Andes near Puno, while Inca Tops financed a foundation near Arequipa.

Both concentrated on basic education for alpaca farmers, improving genetic characteristics by simple selection and birth survival rates by better husbandry techniques. "It is quite simple to double or triple the average 4 to 5 lb yield every two years, which is considered the norm here," says Mr Patthey.

The two experimental centres, however, have recently suffered major setbacks. Last year Michell's Puno farm was the target of a terrorist attack which destroyed installations and caused technicians to pull out.

At the same time the Inca Tops research centre near Arequipa was badly affected by ash from the nearby Sabancaya volcano – the animals, whose respiratory systems were suffering damage, had to be moved away to safety.

Michell and Inca Tops are sanguine about the current downturn in world demand. "We're used to ups and downs," says Tony Michell. "Alpaca will always have a future – it's unique."

Peru's virtual monopoly on the fibre could soon be challenged, however. Early August legislation permits, for the first time, the export of live alpacas. Hitherto, Peruvian and Bolivian animals have only trickled out illegally over the border into Chile, which does a small but thriving export trade in livestock – an alpaca can fetch up to $10,000 in the US or New Zealand.

Peruvian conservationist Mr Carlos Chirinos warns: "Export of live animals means giving away our golden eggs. Other more technologically advanced countries will soon have a population of llamas and alpacas greater than ours and they'll flood the important world textile market."

Brazil's orange concentrate exports to rise

GROWERS FROM the interior of Brazil's Sao Paulo state have raised their estimate of the country's 1991-92 orange crop to 240m boxes (40.8 kg each) from their earlier forecast of 220m boxes, reports Reuters from Araraquara.

That would be unchanged from last year but still well below 1989-90's record harvest of 290m boxes.

Mr Jose Luiz Cutrale, director of Sucocitrico Cutrale in the city of Araraquara, said that 195m to 197m boxes would be crushed by the frozen concentrated orange juice industry for export. About 40m boxes will be consumed domestically and 3m to 4m boxes exported.

Cutrale, the world's biggest grower of oranges with over 10m trees, accounts for 30 per cent of Brazil's orange juice exports, Mr Cutrale said. Brazil is the biggest exporter of FCOJ, with about 80 per cent of the world market.

Crushers estimate Brazil's FCOJ exports at about 800,000 tonnes, up from the 788,000 tonnes Citrosuco Paulista said was exported in 1990-91.

As of June 30 there was a carryover of about 127,000 tonnes of juice from last year, slightly above the 100,000 tonnes considered normal.

Many juice producers are operating at below capacity levels. Mr Cutrale, who supplies juice for the Coca Cola Company's Minute Maid brand, said he would produce about 250,000 tonnes of juice this year, the same as last year but down from 310,000 in 1989-90. The industry has the capacity to process 300m boxes a year.

Citrosuco, which like Cutrale has about 30 per cent of the export market, supplies to Tropicana in the US. Its orange juice plant in the town of Matao is the largest in the world, with the capacity to crush 400,000 boxes a day. Currently it is only crushing 320,000 to 330,000 boxes.

Export receipts will total at least $1bn, juice processors said, but the final figure will depend on the New York futures market price, currently at about $1.16 a lb.

While Brazilian orange growers and juice processors have been hit hard by low FCOJ prices over the past six months, but they believe prices should soon start to climb.

"The tendency will be for prices to improve during this year," Mr Cutrale said. Low prices have already started to stimulate a rise in demand. He said world consumption is expected to rise by 12 to 14 per cent this year and 30 per cent in Asia alone.

Mr Rogerio Braga, a director of Cambuhy Empreendimentos Agropecuarios, which expects to begin producing FCOJ in 1992, believes the low price cycle will last another 12 months.

"After 18 months of low prices increased demand will begin push up prices," Mr Braga predicted.

French harvest record forecast

FRANCE'S TOTAL 1991-92 (July-June) grain harvest is expected to reach a record of 59.43m tonnes, up 8 per cent from the 55m-tonne harvested last year, according to the French agriculture ministry's first estimate, reports Reuters from Paris.

The previous record was set in 1984 when grain production reached 57.96m tonnes.

The country's maize production is projected to reach 12.25m tonnes, up 32 per cent from last year's drought-stricken crop of 9.29m tonnes.

France's oilseeds crop is estimated at 5.03m tonnes, up 8.7 per cent from last year's 4.63m, with the sunflower seed crop at 2.67m tonnes, up 10.7 per cent on last year's 2.41m tonnes.

WORLD COMMODITIES PRICES

MARKET REPORT

TECHNICALLY-INSPIRED buying in New York yesterday sparked off a sharpish rally in cocoa prices that took London's December position close to the psychologically important £700-a-tonne mark. That level was breached at the beginning of last week and has, after a substantial set back, been challenged several times since. The price closed at £698 a tonne, up £14 on the day. Traders said there was no news behind the recovery, which was largely technical and stemmed from a general feeling the market may have reached a trough. Coffee prices were also steadier after their recent fall. The November futures gained £6 at £530 a tonne as traders reacted to the development on Tuesday of a heavily oversold situation. At the London Metal Exchange the aluminium market extended its recent price slide to five days after dealer selling touched off stop-loss selling orders during the morning. The cash price closed $8.50 down at $1,257.50 a tonne. The copper market was a little steadier as traders awaited the result of yesterday's vote on a proposed settlement reached by seven of the eight unions involved in the strike at Chile's El Teniente copper mine. The cash position closed £7 higher at £1,316 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.15-6.25	-0.10
Brent Blend (dated)	$19.15-9.20	-0.25
Brent Blend (Oct)	$19.40-9.45	-0.05
W.T.I. (1 pm est)	$21.20-1.25	-0.25
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$247-259	-1
Gas Oil	$188-189	
Heavy Fuel Oil	$67-69	-1
Naphtha	$200-202	-4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$357.25	+0.50
Silver (per troy oz)♣	394.5c	-0.5
Platinum (per troy oz)	$346	-5
Palladium (per troy oz)	$81.90	-2.75
Copper (US Producer)	106c	-2
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.40r	
Tin (New York)	263	-0.6
Zinc (US Prime Western)	62c	
Cattle (live weight)†	105.65p	-0.18*
Sheep (dead weight)†	127.64	+4.90*
Pigs (live weight)†	82.53p	+0.25*
London daily sugar (raw)	$236y	
London daily sugar (white)	$317.5y	-2.5
Tate and Lyle export price	£249	+1
Barley (English feed)	£109.5	+0.5
Maize (US No. 3 yellow)	£179	
Wheat (US Dark Northern)	£101.5	
Rubber (Sep)♥	52.75	+0.25
Rubber (Oct)♥	53.25	+0.25
Rubber (KL RSS No 1 Sep)	226.5m	-1
Coconut oil (Philippines)§	$475q	+5
Palm Oil (Malaysian)§	$342.50	-5
Copra (Philippines)§	$305	+5
Soyabeans (US)	£150	-2
Cotton "A" index	71.80	-1.4
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct 1-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Oct ⊦Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	195.00	192.40	195.20	181.00
Dec	185.00	185.00	184.00	184.00
Mar	180.00	181.00	181.40	179.80
May	182.80	183.00	183.00	181.80
Aug	185.40	186.40	186.20	185.00
Oct	186.40	188.20	188.80	187.60
White	Close	Previous	High/Low	
Oct	278.5	279.5	279.2	278.0
Dec	268.9	268.0	268.5	267.5
Mar	267.0	266.5	266.7	265.5
May	267.0	267.0	266.0	265.5

Turnover: Raw 721 (842) lots of 50 tonnes. White 940 (1293)
Paris- White (FFr per tonne): Oct 1648

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Sep	19.29	19.50	19.45	19.24
Oct	19.45	19.62	19.59	19.41
Nov	19.56	19.71	19.68	19.55
Dec	19.60	19.67	19.70	19.60
Jan	19.52	19.60	19.54	19.52
Mar	19.43	19.45	19.43	
IPE Index	19.51	19.68	19.51	

Turnover 12239 (18777)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Sep	187.00	186.75	187.00	185.75
Oct	188.50	188.50	188.50	187.25
Nov	190.25	190.00	190.25	189.00
Dec	191.25	190.75	191.50	189.50
Jan	189.25	189.00	189.25	188.00
Feb	184.50	184.25	184.50	184.00
Apr	174.25		173.25	
May	172.00	171.75	172.00	

Turnover 7356 (4206)lots of 100 tonnes

WOOL

Australian wool has been selling at steady or sometimes slightly firmer prices,after easing in the first two full weeks of the new season. The huge Australian stockpile continues to overhang the wool market as a whole and when coupled with recession worries checks any rush towards optimism. There has been marked improvemnt in some sectors of the UK wool textile industry in recent months but conditions remain highly competitive and the outlook uncertain. Merino tops in the UK are quoted at around 360p.p/kg for 64s super with sterling rates as well as wool markts assisting a firmer undertone.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	658	642	659	649
Dec	698	684	699	688
Mar	734	719	735	725
May	753	737	754	743
Jul	772	757	772	760
Sep	791	776	791	779
Dec	814	802	814	805
Mar	838	826	838	827
May	855	844	855	845
Jul	871	864	872	860

Turnover: 7200 (6004) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 13 825.83 (845.69) 10 day average for Aug 14 844.57 (843.40)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	506	500	511	500
Nov	530	524	535	524
Jan	550	546	555	547
Mar	569	562	573	569

Turnover:6278 (5202) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 12 : Comp. daily 61.64 (62.06) 15 day average 63.24 (63.40)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	115.0		116.0	
Apr	109.8	106.9	112.5	108.5

Turnover 454 (113) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Dec	133.00	132.50	133.00

Turnover 20 (10) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Aug	1565	1558	1565	1560
Sep	1647	1647	1645	1640
Oct	1685	1685	1690	1685
Jan	1686	1687	1690	
Jul	1455	1445	1450	
Oct	1508	1500	1515	
BFI	1492	1483	1492	

Turnover 149 (295)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	115.40	115.35	115.60	115.35
Jan	118.95	118.85	119.00	118.80
Mar	122.25	122.20	122.35	122.10
May	125.25	125.20	125.25	125.10
Barley	Close	Previous	High/Low	
Sep	109.45	109.50	109.50	108.40
Nov	113.40	113.50	113.30	113.30
Jan	116.80	116.90	116.80	116.70
Mar	119.55	118.60	119.40	

Turnover: Wheat 255 (255), Barley 145 (274).
Turnover lots of 100 tonnes.

PIGS – London FOX		(Cash Settlement) p/kg
	Close	Previous	High/Low
Sep	91.0	91.0	90.0
Oct	98.5	100.0	99.0
Nov	100.0	100.0	100.0
Jan	100.0	100.0	99.0

Turnover:33 (74) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	137.54	137.86			
Sep	138.30	139.10	138.60	138.30	93
Oct	139.20	139.60	139.20	139.00	85
Dec	139.90	139.80	139.90	139.60	85
Mar	140.30	140.70	140.30	140.30	70

LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)					
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 17,899 lots
Cash	1257-8	1265-7	1258	1257-8		
3 months	1288-9	1296-7	1294/1287	1288-9	1289-90	108,417 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,339 lots
Cash	1315.5-6.5	1308-10	1320/1317	1317-8		
3 months	1340-1	1330-1	1343/1336	1341-2	1340-1	122,544 lots
Lead (£ per tonne)						Total daily turnover 908 lots
Cash	320.5-1.5	322.25-2.75	323/322.5	322.5-3.0		
3 months	332.5-3.5	133.5-3.75	344.5/333	334-4.5	333-4	21,985 lots
Nickel ($ per tonne)						Total daily turnover 2622 lots
Cash	8175-85	8220-30	8200/8190	8190-5		
3 months	8160-70	8190-200	8180/8155	8175-80	8165-70	13,300 lots
Tin ($ per tonne)						Total daily turnover 1,202 lots
Cash	5660-3	5670-80	5665/5651	5650-1		
3 months	5751-2	5762-5	5760/5745	5740-5	5746-48	
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,072 lots
Cash	1057-9	1054.5-5.5	1057	1057-7.5		
3 months	1074-5	1073.5-4.0	1075/1073	1074-5	1075-6	27,433 lots

LME Closing £/$ rate:
SPOT: 1.6875 3 months: 1.6664 6 months: 1.6474 9 months: 1.6317

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	357.00-357.50	
Opening	356.50-356.90	
Morning fix	356.50	211.159
Afternoon fix	355.85	210.624
Day's high	357.80-358.20	
Day's low	355.15-355.45	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.22	6 months	5.10
2 months	5.19	12 months	5.06
3 months	5.14		

Silver fix	p/fine oz	US cts equiv
Spot	233.90	394.60
3 months	240.30	400.15
6 months	246.30	405.30
12 months	258.45	417.95

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	357.00-358.00	211.25-211.75
Maple leaf	365.00-368.00	216.00-216.50
New Sovereign	87.00-88.00	51.50-52.00

TRADED OPTIONS				
Coffee	Sep	Nov	Sep	Nov
450	55	79		
500	9	38	4	7
550		10	45	31
Cocoa	Sep	Dec	Sep	Dec
650	17	73	9	25
675	7	58	24	35
700	2	46	44	48
Brent Crude	Oct	Nov	Oct	Nov
1900	70		13	
1950	40			
2000	28	28		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	357.8	356.3	358.0	355.5
Sep	358.6	357.2	0	0
Oct	360.3	358.9	361.3	357.3
Dec	363.6	362.2	364.6	360.6
Feb	366.8	365.5	365.9	365.0
Apr	369.9	368.6	370.0	367.0
Jun	373.1	3371.8	372.6	372.6
Aug	376.4	375.1	0	0
Oct	379.6	378.3	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Aug	343.4	348.2	0	0
Oct	346.9	351.7	349.5	346.0
Jan	351.2	356.2	354.0	350.5
Apr	355.2	360.2	358.0	355.0
Jul	359.2	364.2	361.0	361.0
Oct	367.2	372.2	0	0
Oct	367.9	367.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	395.4	392.5	0	0
Sep	396.5	393.7	398.0	386.5
Oct	398.5	395.7	0	0
Dec	403.1	400.3	404.5	393.0
Jan	404.6	401.8	0	0
Mar	409.8	407.1	411.5	400.0
May	414.6	411.9	413.0	413.0
Jul	419.3	416.7	420.0	412.5
Sep	424.0	421.6	424.0	419.5
Dec	431.8	428.4	433.0	421.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	100.80	101.30	101.35	100.80
Sep	100.80	101.35	101.50	100.70
Oct	100.40	100.75	100.70	100.40
Nov	100.05	100.40	100.40	100.40
Dec	99.70	100.05	100.15	99.80
Jan	99.25	99.60	99.60	99.50
Feb	98.80	99.10	99.10	99.10
Mar	98.35	98.65	98.70	98.50
Apr	97.90	98.15	98.15	98.15
May	97.50	97.85	97.70	97.66

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.29	21.56	21.52	21.16
Oct	21.29	21.53	21.48	21.20
Nov	21.27	21.45	21.41	21.16
Dec	21.22	21.32	21.33	21.14
Jan	21.07	21.19	21.17	21.05
Mar	20.85	20.92	20.90	20.82
May	20.67	20.71	0	0
Jun	20.65	20.65	20.60	20.65

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	5960	5977	5995	5925
Dec	6260	6273	6290	6225
Jan	6280	6300	6295	6255
Feb	6156	6170	6170	6135
Apr	5880	5695	5700	5680
May	5535	5535	5535	5520
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1047	1043	1055	1036
Dec	1112	1106	1122	1103
Mar	1152	1147	1159	1147
May	1177	1173	1180	1171
Jul	1199	1195	1200	1195
Sep	1223	1217	1226	1220
Dec	1254	1252	1260	1253
Mar	1290	1290	1298	1290
May	1315	1312	1312	1311
Jul	1338	1332	1345	1330

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	80.70	79.20	81.00	79.60
Dec	84.55	82.85	84.60	83.25
Mar	88.00	86.25	88.10	86.50
May	90.75	88.70	90.00	88.85
Jul	92.75	91.15	91.90	91.75
Sep	95.75	93.65	94.50	94.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	8.54	8.36	8.55	8.40
Mar	8.13	8.15	8.22	8.12
May	8.14	8.17	8.20	8.12
Jul	8.18	8.17	8.19	8.14
Oct	8.17	8.21	8.24	8.17

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	63.30	63.80	64.10	62.30
Dec	63.98	64.95	64.80	63.51
Mar	65.60	66.73	66.10	64.90
May	66.55	68.00	66.95	66.10
Jul	67.40	68.85	67.94	67.00
Oct	66.75	65.75	0	0
Dec	66.50	65.65	66.60	65.80

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	115.80	115.90	116.10	115.40
Nov	113.95	116.10	114.65	113.75
Jan	113.60	114.55	114.65	113.60
Mar	114.75	115.20	115.60	114.75
Jul	114.95	115.30	115.25	115.25
Sep	114.95	115.40	0	0
Nov	114.95	115.40	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Aug.14	Aug.13	mnth ago	yr ago
	1643.6	1645.5	1715.7	1773.9
DOW JONES (Base. Dec. 31 1974 = 100)				
	Aug.13	Aug.12	mnth ago	yr ago
Spot	118.90	117.19	122.18	133.50
Futures	120.53	121.40	125.15	133.95

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	538/4	548/4	553/4	538/0
Sep	541/0	551/0	556/0	539/4
Nov	560/2	560/0	566/2	549/0
Jan	561/4	569/6	576/0	560/0
Mar	572/0	580/2	588/4	570/0
May	578/4	587/0	592/6	578/4
Jul	584/4	592/0	598/0	584/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	19.18	19.55	19.64	19.18
Sep	19.30	19.63	19.76	19.26
Oct	19.49	19.80	19.92	19.43
Dec	19.81	20.14	20.29	19.78
Jan	19.98	20.35	20.45	19.98
Mar	20.30	20.66	20.80	20.30
May	20.57	20.82	21.05	20.55
Jul	20.86	21.10	21.30	20.86
Sep	20.95	21.30	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	171.9	178.0	179.0	171.5
Sep	171.1	176.0	177.5	170.5
Oct	170.7	174.1	175.0	170.5
Dec	171.4	174.3	175.8	170.8
Jan	171.7	174.4	175.8	171.5
Mar	172.8	175.0	176.3	172.5
May	172.8	174.6	176.5	172.8
Jul	172.5	174.8	177.0	172.2

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	243/4	251/2	253/4	243/0
Dec	247/4	256/6	258/0	247/0
Mar	255/4	264/0	266/2	255/0
May	260/0	268/4	270/2	260/0
Jul	264/0	271/2	272/4	263/4
Sep	257/0	260/2	260/4	256/4
Dec	252/4	256/0	258/4	251/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	296/0	301/0	304/4	295/4
Dec	309/2	315/0	318/0	308/2
Mar	315/4	319/6	323/0	314/2
May	309/4	315/0	317/0	308/4
Jul	302/6	306/0	307/6	302/4
Sep	310/0	312/0	314/0	310/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	68.40	67.37	68.70	67.57
Oct	71.35	71.15	71.77	71.02
Dec	73.90	73.65	74.05	73.55
Feb	72.57	72.82	73.07	72.52
Apr	73.27	73.55	73.85	73.25
Jun	71.40	71.75	71.82	71.20
Aug	69.55	70.02	69.75	69.55

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	50.75	50.87	51.25	50.45
Oct	43.10	42.90	43.40	42.90
Dec	42.72	42.72	43.05	42.45
Feb	42.27	42.50	42.60	42.15
Apr	41.32	41.50	41.75	41.30
Jun	46.00	46.07	46.20	46.00
Jul	45.90	46.17	46.30	45.90
Aug	44.70	44.60	44.70	44.70

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	42.92	43.80	43.05	41.95
Feb	46.27	46.77	46.60	45.75
Mar	45.90	46.50	46.20	45.50
May	46.90	47.40	0	46.70
Jul	47.60	47.95	0	47.20
Aug	45.27	45.60	45.50	45.27

LONDON STOCK EXCHANGE

Equities rise to new FT-SE 100 high

By Daniel Green

LONDON stocks climbed to new highs yesterday as institutions responded to the success of two rights issues and favourable interpretations of economic indicators.

Fund managers moved decisively into long-overlooked second-line companies, triggering shortages of stock in the more cyclical sectors such as engineering and construction.

Most remaining doubts over the view that German interest rates would rise today were dispelled when German money rates rose to around 9.4 per cent for three-month deposits. The Bundesbank is expected to lift the Lombard rate to 9.5 per cent and the discount rate to 7.5 per cent at its fortnightly meeting today.

If buyers needed any further encouragement, they could turn to equity strategists. Mr Paul Walton at James Capel said clients had been waiting for a recovery in industrial output and retail sales. Data published this week suggests both are under way. "All the statistics seem to be moving in the right direction."

Mr Richard Lake, a chart analyst at Hoare Govett, was bullish on technical grounds as well. He said the index was poised to jump to 2,750 in the short term and 3,000 by the end of the year.

Mr Jerry Evans at County NatWest agreed that the market looked strong in the medium term but cautioned that yesterday's gain could be transient. "Little has changed and we are unlikely to get a sharp short-term rise in shares. It may be a couple of months before we get convincing evidence of recovery," he said.

Such concerns were far from the thoughts of buyers. The Footsie index began on a positive note and rose to close just below the day's peak at 2,608.8, up 23.9. New closing highs were also recorded by the narrower FT-30 index and the wider FT-A All-Share index.

A strong start from Wall Street served to confirm the mood of the market. Both equities and bonds in New York rose following better than expected US inflation data.

Indices compiled by James Capel confirmed that UK institutions paid more attention yesterday to medium-sized companies than to the Footsie constituents. While the top 100 stocks rose 0.89 per cent, the next 100 firmed 1.15 per cent and the third by 1.2 per cent.

Seaq volume rose to 631.2m, unusually high for the holiday month of August. It was swollen, however, by the placing of the rump of the rights issue from Burton. This accounted for almost 145m of the total.

Trafalgar House confirmed that its rights issue had been 88.8 per cent taken up.

There was another strong contribution to the gain in the FT-SE 100 index from Glaxo. Almost 3¼ points of the day's rise came from Glaxo's 32 improvement to 1338p. This was the second high in succession for the stock, helped once again by good sentiment surrounding partial UK approval given to its migraine drug.

Long-awaited third quarter figures from Hanson disappointed the market in that they provided no clue to the company's plans for its 2.8 per cent stake in ICI.

The stores sector, boosted by recent retail price figures and the success of the Burton rights issue, rose strongly for the third day running.

But shares in the water companies lost ground after two days of gains. An opinion poll showed the opposition Labour party to be increasing its lead over the Conservatives.

Account Dealing Dates		
*First Dealings:		
Jul 29	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 8.30 am two business days earlier.

Disposal talk lifts the Pru

Prudential Corporation, the UK's largest insurance company, was easily the most active stock in the sector as the market picked up hints that the group might sell its Mercantile & General reinsurance subsidiary. Mercantile is the fifth largest reinsurance group in the world.

Dealers said the shares also responded positively to what were perceived to be good half-year results from Jackson National Life, Prudential's US subsidiary.

Prudential shares settled 7 higher at 259p as turnover reached 5.3m, the highest for a number of weeks.

Stories of the imminent sale of Mercantile & General were circulating in the market from the outset, with Scor, the largest of the French reinsurance companies and associated with UAP, the big French-controlled life insurance group, said to be favourite to acquire Mercantile. Various prices were being mentioned around the market, with £800m the most common.

Mercantile & General, regarded by Prudential as a non-core activity, has been up for sale for around a year, according to insurance specialists. Prudential said it never commented on market rumours.

RHM dividend hope

Ranks Hovis McDougall rose 5 to 281p as sources close to the company indicated that it was set to increase its final dividend by more than the market has been anticipating. At the interim stage RHM maintained its dividend. Last year it left the interim and final dividends unchanged.

Analysts have said that RHM has sufficient cover this year for a rise in the dividend to around 9.7p, against 8.92p last time. There are now indications that it may be up to a further 0.5p higher when it reports in October.

Burton placing

Burton, the clothing retailer, firmed a penny to 40½p on announcing an 87.86 per cent take-up of its £161m one-for-one rights issue. The announcement was well received in the market, which at one stage had feared a take-up of less than half as the shares fell almost to the 30p subscription price.

The 12.14 per cent rump of the rights issue was placed with institutions at 37.92p and was responsible for the 138m turnover in the fully paid shares. The success in placing the rump was seen as a vote of confidence in the company by the institutions, and may give it a breathing space after the recent bout of bearish City and press comment.

Britannic Assurance spearheaded a general surge in the life sector as the market responded to the group's half-year figures. The interim dividend was increased by 15 per cent to 9.2p net, above general expectations.

Legal & General, driven higher by a positive note from UBS Phillips & Drew, settled 11 firmer at 446p.

A block of 2.8m shares traded at 527½p put pressure on Commercial Union, which dipped 3 to 532p. By the close 3.6m CU had changed hands.

Banks were among the market's best performers, led by Lloyds. The bank's interim results were probably the best received of the big four. Lloyds' rose 12 more to 385p. Midland, talked of by analysts as among the best recovery/takeover plays in the front-line stocks, advanced 10 to 245p on heavy turnover of 3.6m.

Queens Moat Houses' interims were given a good reception by the market, which responded by lifting the shares 3 to 87p; turnover expanded rapidly to 9.5m. Mr Roy Owens of Smith New Court's leisure team pencilled in a full year profits figure of £100m, and £125m for next year, implying a price-earnings ratio reducing to 9.5 – "cheap for a quality stock".

Bass bounced from recent weakness, rising 12 to 936p as turnover increased to 2.2m, with UBS Phillips & Drew reported to have shown a keen interest in the shares. Mr John Beaumont of Goldman Sachs believes the shares are underrated. He added: "I believe a recovery in company profitability next year will be reflected in the share price." He predicts current year profits of £509m.

Albert Fisher remained under pressure as lines of stock were offered around the market and the shares closed 2 lower at 104p.

Television issues were affected by news that Thames, the largest ITV company, had been outbid for the franchise. Observers said the news had been in the market for some time but marketmakers were nervous about being caught out in a tightly traded sector. Thames lost 4 to 198p and Carlton Communications, which is said to have made the highest bid for the London weekday franchise currently held by Thames, rose 13 to 480p.

Scottish and Central, which are believed to have held their franchises unopposed and cheaply, gained 12 to 507p and 20 to 815p respectively.

Trafalgar House gained ground after the UK shipping, engineering and construction company confirmed yesterday that 88.8 per cent of its £310m rights issue had been taken up. The "A" shares were offered at 190p in June and the rump of the issue, the remaining 11.2 per cent, was successfully placed by securities houses BZW and Kleinwort Benson on Tuesday at 212p. The ordinary were 2 better at 230p and the "A" 5 up at 225p.

Johnson Matthey pushed ahead 9 to 325p in spite of the price of platinum reaching a new 5½-year low yesterday. The shares usually reflect the platinum price but Panmure Gordon was a buyer of the stock, which always trades in a tight market, and the price was squeezed up. Mr Harry Philips of Panmure said: "We feel Matthey is still very good value with plenty of growth prospects."

Williams Holdings attracted attention in the ordinary stock after County NatWest recommended the company's 8 per cent convertible shares, arguing that they offered a good yield.

Consumer products group Pentland rose 7 to 92p on comment that its purchase of a 20 per cent holding in Adidas represented good value for the shareholders.

Abrasives and plastics group Carbo forged ahead 46 to 236p after stating that it was in talks which could lead to a bid for the company.

Chemicals and timber protection group Hickson International firmed 3 to 169p ahead of interim figures due today. A fall in profits has already been anticipated by the market, and worries that the company will announce a rights issue with the results have receded.

Northern Ireland-based textile group Lamont Holdings picked up 6 to 343p on recovery hopes.

British Airways declined 5 to 179p in reaction to recent poor traffic figures and worries about a price war breaking out on transatlantic routes.

Talk that Glynwed International, which is to reveal interim results today, would not cut its dividend as feared benefited the shares by 2 to 225p on turnover of 2m.

A squeeze, and preliminary figures showing that UK car sales in the first 10 days of August were better than feared, helped the motor sector. Lex Service appreciated 6 to 213p while T & N added 11 at 171p.

Lucas Industries moved up 6 to 156p on turnover of 4.4m following a Kleinwort Benson buy recommendation and news from Peugeot, of France, predicting a better second half. Lucas are suppliers to Peugeot. Avon Rubber added 15 at 296p after S.G. Warburg turned buyers of the stock.

BBA advanced 11 to 155p, helped by vague talk of a bid for the company from industrial conglomerate BTR (up a penny at 412p).

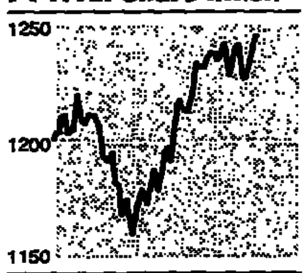
A modest rise in Ultramar shares, up 5 at 274p on turnover of 3.4m, owed more to widespread relief at the absence of a rights issue than to the interim results. These, according to analysts, were disappointing and the market is concerned about the company's dividend prospects.

The underperformance of BP shares, easier at 336p on heavy turnover of 6.1m, prompted unease in the oil sector, where dealers are beginning to question forecasts of an upturn in crude oil prices in the near future. BP, perceived as the most highly geared of the oil majors, is expected by the market to bear the brunt of selling pressure in the leaders.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

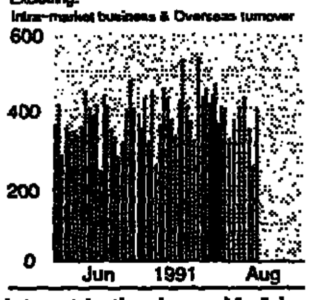
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 15.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (110).
BRITISH FUNDS (3) Treas. 8pc 1991, Treas. 2pc I-L 1992, Treas. 2pc I-L 1994, AMERICANS (6) BankAmerica, Bankers N.Y., Conti. Bank, Manuf. Hanover, Morris (P), Sears Roebuck, CANADIANS (2) Bk. Nova Scotia, Royal Bank Canada, BANKS (3) HSBC, Midland, Sec. Pacific, BREWERS (2) Bulmer (H.P.), Greene King, CHEMICALS (4) Akzo, Halstead (J), MTM, Rentokil, STORES (12) Bedford (Wm), Blacks Leisure, Courts, Crown Eyeglass, Fine Art Devs., Hogg Robinson, Kingfisher, Do. 8½pc Ln. 2000, Martin (A), Menzies (J), Next, Sherwood, ELECTRICALS (4) Philips Elects., Renishaw, Telemetrix, Thorn EMI, ENGINEERING (3) Ash & Lacy, Fairey, TI, FOODS (4) Brake Bros., Cranswick Mill, Salvesen (C), Sims Food, HOTELS (1) City Centre Rest., INDUSTRIALS (22) AAH, Assoc. Brit. Ports, BSS, Bespak, Betterware Cons. Prods., Bimec, Brammer, Brit. Polythene, Carbo, Community Hospitals, Copymore, Courtaulds, De La Rue, Glaxo, Halstead Nycomed A, Do. B, IWP, Kalon, Pentland, Rexmore, Siebe, Silentnight, Williams 8p Pf., INSURANCE (5) Britannic, Domestic & Gen., Hogg, Orion, Refuge, LEISURE (4) Airtours, Euro Disney, Owners Abroad, Do. 9.75p Pf., MOTORS (2) Central Motor Auctions, ERF, NEWSPAPERS (2) Euromoney Publishers, Headline Book Publishing, PAPERS (3) Cropper (James), Repola, Whny. Mackay-Lewis, PROPERTY (1) Bilton (P), TEXTILES (2) Lamont, Sirdar, TOBACCOS (1) Rothmans B, TRANSPORT (2) Bergesen A, Transport Dev., TRUSTS (19) Abtrust Pref. Zero Div. Pf., British Assets, Dunedin Income Growth, Equity Consort Dfd., Fleming Claverhouse, Gen. Cons. Stpd. Pf., Leveraged Opp. Tst., M & G Group, Merchants Tst., Monks Inv., Murray Income Tst., Murray Intl., Perpetual, Scot. East. Inv., Scot. Mortgage & Tst., Scottish Inv., Sec. Alliance, Templeton Emerging Mkts. Warrants, Tribune, OILS (2) Intl. Petroleum, Kelt Energy.
NEW LOWS (32).
CANADIANS (1) ECO, BANKS (2) Reflex Invs., Union Discount, BUILDINGS (2) Crest Nichol, Needler, STORES (1) Alan Paul, ELECTRICALS (3) Enterprise Computer, Ferranti, Standard Platform, ENGINEERING (1) Robinson (T), FOODS (1) Albert Fisher, HOTELS (1) Regal Hotels, INDUSTRIALS (4) High-Point, Walker Greenbank, Whitecroft, Wilton, LEISURE (2) Thames TV, Whitegate Leisure, PROPERTY (6) Derwent Valley, Greycoat, Hemingway Props., London Securities, Stanhope, Trencherwood, TRANSPORT (1) Mersey Docks & Harbour, TRUSTS (4) China & East Warrants, Ensign B, Malaysian Emerging Warrants Co's. Fd., Singapore SESDAQ, OILS (3) Gt. Western Res. A, Premier Cons., Presidio Oil A.

FINANCIAL TIMES STOCK INDICES

	Aug 14	Aug 13	Aug 12	Aug 9	Aug 8	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.59	85.57	85.51	85.68	85.68	78.07	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.54	94.45	94.45	94.48	94.48	87.14	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2033.3	2022.3	2007.5	2005.5	2024.0	1748.2	2033.3 (14/8)	1606.3 (16/1)	2033.3 (14/8/91)	49.4 (26/6/40)
Gold Mines	177.2	177.4	179.3	179.3	178.2	229.1	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2608.8	2584.9	2569.4	2570.6	2600.6	2239.5	2608.8 (14/8)	2054.8 (16/1)	2608.8 (14/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1179.86	1171.86	1164.31	1169.48	1174.09	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.66	4.68	4.72	4.73	4.68	5.38				
●Earning Yld %(full)	7.75	7.80	7.96	7.99	7.92	11.48				
●P/E Ratio(Net)(☆)	16.08	15.96	15.56	15.52	15.69	10.56				
SEAQ Bargns 4.45pm	26,410	23,051	21,951	29,915	28,144	18,121				
Equity Turnover(£m)†	-	891.45	582.57	766.88	995.60	1436.03				
Equity Bargains†	-	22,872	21,722	29,930	27,871	18,412				
Shares Traded (ml)†	-	406.9	256.8	352.1	431.4	439.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.30

Ordinary Share Index, Hourly changes Day's High 2039.8 Day's Low 2025.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2025.5	2032.1	2032.1	2033.4	2035.1	2039.1	2039.7	2034.7	2032.8

FT-SE 100, Hourly changes Day's High 2611.6 Day's Low 2589.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2589.9	2597.0	2597.8	2600.1	2603.9	2610.6	2611.5	2606.9	2606.8

FT-SE Eurotrack 200, Hourly changes Day's High 1182.30 Day's Low 1175.76

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1178.13	1177.33	1177.23	1177.95	1179.85	1180.95	1180.60

GILT EDGED ACTIVITY

Indices*	Aug 13	Aug 12
Gilt Edged Bargains	86.7	94.7
5-Day average	105.7	107.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	440	520	+25
ASDA Group	2,700	88½	-½
Abbey National	2,000	294	
Albert Fisher	2,100	104	-2
Allied-Lyons	2,000	585	+3
Amstrad	3,100	52½	-½
Anglian Water	2,000	375	+2
Argos	564	327	+4
Argyll Group	3,300	296	
Arjo Wiggins	1,500	280	+5
Ass. Brit Foods	505	528	+2
BAA	839	434	+2
BAT Inds.	1,200	740	+5
BET	1,800	216	+3½
BICC	869	468	-1
BOC	504	594	+5
BPB Inds.	443	188	-1
BTR	2,600	412	+1
Bank of Scotland	1,300	119	+1
Barclays	2,700	464	+11
Bass	2,200	936	+12
Beazer	400	88	-1
Berisford Int.	1,000	38	-1
Blue Circle	770	255	+2
Booker	216	485	+1
Boots	2,100	423	+2
Bowater	286	858	+3
Brit. Aerospace	1,200	571	+11
British Airways	4,400	179	-5
British Gas	4,200	266½	+½
British Land	805	308	-10
BP	6,100	336	-1
British Steel	8,300	128	+3½
British Telecom	3,600	384	+2
Bunzl	765	100	+1
Burmah Castrol	447	575	+4
Burton	8,600	40½	+1
Cable & Wire	1,800	588	+5
Cadbury	982	381	+3
Calor Group	491	226	+3
Carlton Comms.	565	480	+13
Coats Viyella	1,000	170	+3
Comm. Union	3,600	532	-3

	Volume 000's	Closing Price	Day's change
Cookson	1,300	111	+5½
Courtaulds	1,000	461	+5
Dalgety	450	400	+5
De La Rue	34	455	+1
Dixons	1,600	248	+2
ECC Group	157	458	+4
Eastern Elect.	1,000	179	+5
East Midland Elect.	374	197	+5
Enterprise Oil	320	519	+2
Eurotunnel Units	351	481	+12
FKI	638	85	+1
Ferranti	3,500	6½	-1
Fisons	2,500	488	+9
Forte	2,600	279½	-1½
Gen. Accident	873	553	-2
General Elect.	7,000	187	+3
Glaxo	3,800	1338	+32
Glynwed Int.	2,000	225	+2
Granada	5,900	169	+6
Grand Met.	1,900	824	+9
GUS A	438	1363	+6
GRE	829	182	+1
GKN	552	364	+1
Guinness	712	988	+3
Hammerson 'A'	4	619	+3
Hanson	11,000	218	+½
Hanson Warrants	305	33¼	-1
Harrisons Crosfield	854	156	+4
Hawker Sidd.	1,600	582	+6
Hillsdown	300	227	+2
IMI	71	255	+6
ICI	550	1323	
Inchcape	745	370	+4
Kingfisher	1,100	565	+12
Ladbroke	4,600	278	+7
Land Securities	725	514	+11
Laporte	460	564	+10
Legal & General	1,500	446	+11
Lloyds Abbey	594	435	+3
Lloyds Bank	1,900	385	+12
LASMO	857	325	-2
London Elect.	355	195	+2
Lonrho	1,800	244	+3

	Volume 000's	Closing Price	Day's change
Lucas	4,400	153	+6
MB Caradon	2,000	238	+4
MEPC	1,000	483	+14
Manweb	1,500	242	+6
Marks & Spencer	4,500	288	+7
Maxwell Comms.	828	199	+2
Midland Bank	3,600	245	+10
Midlands Elect.	599	201	+4
NFC	808	191	+1
NatWest Bank	2,300	341	+3
National Power	7,700	147½	+1
Next	531	37½	+½
North West Water	2,600	372	-2
Northern Elect.	145	210	+7
Northern Foods	302	504	+3
Norweb	1,100	216	+6
Pearson	228	741	-4
P & O	972	595	+2
Pilkington	3,000	157	+5
PowerGen	3,700	182	+½
Prudential	5,600	259	+7
RHM	768	281	+5
RMC	201	664	
RTZ	1,200	597	+7
Racal	3,500	221	+3
Racal Telecom	925	337	+7
Rank Org.	2,900	702	+17
Reckitt & Colman	1,100	855½	+5½
Redland	600	567	+15
Reed Intl	825	444	+5
Rentokil	341	356	+6
Reuters	586	840	+3
Rolls Royce	3,000	156	+4
Rothmans	493	1068	+18
Ryl Bk Scotland	1,800	187	+1
Royal Insurance	808	412	-2
Saatchi	2,200	16	-½
Sainsbury	2,200	382	+1
Scottish & New	2,100	422	+7
Scot. Hydro-Elect.	1,100	112½	-½
Scottish Power	2,700	106	-½
Sears	8,400	83	+3½
Sedgwick	565	272	+3

	Volume 000's	Closing Price	Day's change
Seeboard	122	199	+2
Severn Trent Water	3,700	337	
Shell Transport	2,000	530	+3
Siebe	1,300	503	+9
Slough Ests	432	252	+4
Smith (W.H.) A	345	444	+6
Smith & Nephew	838	133	+½
SmKl Beecham	2,500	789	+5
SmKl Beecham Uts.	170	3410	+15
Smiths Inds.	383	270	+4
Southern Elect.	706	196	+7
South Wales Elect.	258	249	+10
South West Water	584	353	+1
South West. Elect.	765	200	+5
Southern Water	1,100	333	
Standard Chartd.	1,200	370	-1
Storehouse	1,300	111	
Sun Alliance	763	384	-3
T&N	858	171	+11
TI Group	301	578	+16
TSB	3,800	154	+4
Tarmac	885	219	-1
Tate & Lyle	2,800	381	+2
Taylor Woodrow	487	227	+4
Tesco	4,600	271	+3
Thames Water	3,000	374	+1
Thorn EMI	1,000	802	-1
Tomkins	802	388	
Trafalgar House	2,300	230	+2
Ultramar	3,500	274	+5
Unigate	906	319	+2
Unilever	2,400	758	
United Biscuits	1,700	382	
Utd. Newspapers	14	364	+1
Wellcome	540	730	+6
Welsh Water	2,200	368	
Wessex Water	2,200	393	-2
Whitbread 'A'	904	505	+12
Williams Hldgs.	1,900	330	+11
Willis Corroon	677	320	+5
Wimpey	4	180	
Yorkshire Elect.	579	228	+2
Yorkshire Water	2,400	385	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE INCREASE in activity on the stock market fed through into traded options yesterday, which had one of the busiest sessions this month, writes Jim McCallum.

On a day when investors were buying individual shares or particular sectors rather than the whole market, share options featured more than index derivative products.

Heavy dealing in British Gas call options, particularly December 280 calls, lifted total turnover to a third more than the previous day's level, at 32,734 contracts.

The latest figures from Hanson prompted active two-way dealing in calls, particularly the August 220 series. GEC saw activity in calls and puts, with the February 200 series the busiest.

Speculation about Prudential selling Mercantile & General, its reinsurance subsidiary, prompted buying of November 260 calls. There was also heavy dealing in British Steel 130 calls, while there were reports of a large seller of December 2,300 puts.

The September FT-SE 100 index futures contract was led higher by the stock market, with the premium at around 25 to 30 points for much of the session, little changed on the day. September closed at 2,634, up 26 points.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100⅛	99⅜	Exch. 11pc 1991	99 31/32	-1/32	11.00	10.57
99¼	96⅝	Treas. 8pc 1991	99¼	+1/32	8.06	10.23
101½	100	Treas 12¾pc 1992‡‡	100⅞	-1/16	12.64	10.46
99	97	Treas 10pc 1992	99¾xd	-1/16	10.03	10.45
98⅝	95	Treas 8pc 1992‡‡	98⅝	.....	8.12	10.28
100⅝	98½	Treas 10½pc Cv 1992‡‡	100⅝	-1/16	10.50	10.32
95	91⅜	Treas. 3pc 1992	95	-1/16	3.13	8.30
102⅝	100	Exch. 12¼pc '92	101xd	.....	12.01	10.16
104	102	Exch 13½pc 1992	103¼	.....	13.08	10.20
97	94	Treas 8¼pc 1993	97½xd	+1/16	8.46	10.03
99	97⅛	Treas 10pc 1993‡‡	99¾	+1/16	10.01	10.05
104	102⅝	Treas 12½pc 1993‡‡	104	+1/32	12.02	10.12
94	89⅝	Funding 6pc 1993‡‡	93xd	.....	6.39	9.22
108⅝	105⅝	Treas 13¾pc 1993‡‡	107	.....	12.85	10.14
96	92	Treas 8½pc 1994	96	+1/16	8.79	10.05
111⅛	108	Treas 14½pc 1994‡‡	109	+1/16	13.22	10.13
109	105	Exch 13½pc 1994	107¼	+1/16	12.53	10.13
99	96	Treas. 10pc Ln. 1994‡‡	99¾	+1/32	10.03	10.08
106	103⅝	Exch. 12¼pc 1994	106xd	+1/16	11.79	10.13
97⅛	93¼	Treas 9pc 1994‡‡	97	+1/16	9.28	10.08
106⅞	102⅞	Treas 12pc 1995	105	+1/16	11.39	10.08
89	82¼	Exch 3pc Gas 90-95	86	.....	3.47	7.25
100	96	Exch. 10¼pc 1995	100	+1/16	10.20	10.07
109	105	Treas 12¾pc 1995‡‡	108	+1/16	11.71	10.13
113	109	Treas. 14pc '96	112	+1/16	12.43	10.37
97⅞	92	Treas. 9pc 1992-96‡‡	97⅛xd	+1/16	9.27	9.80
119	115	Treas 15¼pc 1996‡‡	117	+1/16	12.94	10.34
112¼	108	Exch 13¼pc 1996‡‡	110	+1/16	11.95	10.27
		Five to Fifteen Years				
100⅛	95	Conversion 10pc 1996	99⅝	+1/16	10.04	10.07
99	97⅝	Do. 10pc 1996 B	99	+1/16	10.11	10.09
113	108	Treas 13¼pc 1997‡‡	112¼	+1/16	11.82	10.26
102⅞	97¼	Exch 10½pc 1997	101xd	+1/16	10.34	10.09
94	89	Treas 8¾pc 1997‡‡	94xd	+1/16	9.28	10.01
122⅞	117	Exch 15pc 1997	120½	.....	12.45	10.39
98	93	Exch. 9¾pc 1998	98	+1/16	9.92	10.09
86⅞	80⅝	Treas 6¾pc 1995-98‡‡	86⅞	+1/16	7.81	9.54
127	121¼	Treas. 15½pc '98‡‡	125¾	.....	12.33	10.28
109	104¼	Exch. 12pc 1998	109	.....	11.01	10.18
97	92	Treas 9½pc 1999‡‡	97	+1/16	9.72	9.93
111	105	Exch 12¼pc 1999	110½	.....	11.09	10.20
102¾	97⅜	Treas. 10½pc 1999	102	+1/16	10.29	10.10
101¼	95	Conversion 10¼pc 1999	100	+1/16	10.18	10.10
94	89⅝	Conversion 9pc 2000‡‡	94xd	+1/16	9.50	9.94
116¼	110½	Treas. 13pc 2000	115	+1/16	11.25	10.28
100¼	94⅝	Treas 10pc 2001	99¾xd	+1/16	10.03	10.02
118	113⅜	Treas. 14pc '98-01	117	+1/16	11.94	10.37
98⅝	92	Treas 9¾pc 2002	98xd	+1/16	9.95	10.02
100	94⅝	Treas 10pc 2003	99xd	+1/16	10.00	9.99

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001-04	107xd	+1/16	10.69	10.23
59	53⅜	Funding 3½pc '99-04	59	.....	5.91	8.81
97	90	Conversion 9½pc 2004	96	+1/16	9.84	9.94
97⅛	90	Conversion 9½pc 2005	96	+1/16	9.83	9.93
118¾	111	Treas. 12½pc 2003-05	117	+⅛	10.68	10.02
		Over Fifteen Years				
85⅝	79	Treas. 8pc 2002-06‡‡	84¾	+1/16	9.43	9.93
112½	105	Treas. 11¾pc 2003-07	111½	+1/16	10.54	10.01
90⅝	84⅝	Treas 8½pc 2007‡‡	89	+1/16	9.52	9.81
125	118	Treas. 13½pc '04-08	124	+1/16	10.85	10.11
94	88	Treas. 9pc 2008‡‡	93	+1/16	9.65	9.78
94	89	Do. 9pc 2008 C	93	+1/16	9.65	9.79
85	80	Treas 8pc 2009	84¾	-1/16	9.43	9.77
94¾	88	Conv 9pc Ln 2011‡‡	93¼	+1/16	9.66	9.79
30	29	Cnv. 9pc 2011 A●	30	+1/16	9.66	9.77
63	58	Treas. 5½pc 2008-12‡‡	62⅝xd	+⅛	8.78	9.68
82¼	76	Treas. 7¾pc 2012-15‡‡	81	+1/16	9.53	9.77
121	113	Exch. 12pc '13-'17	119	+⅛	10.05	9.81
		Undated				
40	37	Consols 4pc	39	-1/16	10.05	-
35	33	War Loan 3½pc‡‡	35½	-1/16	9.86	-
59	57¼	Conv. 3½pc '61 Aft.	59¼	-1/16	5.92	-
29	28¼	Treas. 3pc '66 Aft.	29	+1/16	10.11	-
25⅛	23⅝	Consols 2½pc	25	-1/16	9.93	-
25¼	23	Treas. 2½pc	24	+1/32	10.03	-

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or -	(1)	(2)
131⅝	125	Tr. 2pc '92‡‡	(97.8)	131⅝	.....	0.47	4.54
119¼	115	Do. 2pc '94	(102.9)	119¼	+⅛	3.53	4.42
172	168	Do. 2pc '96	(67.9)	171xd	+⅛	3.92	4.42
142⅞	137	Do. 2½pc '01	(78.3)	141½	.....	4.09	4.38
138	133	Do. 2½pc '03	(78.8)	137	.....	4.15	4.39
140¼	135	Do. 2pc '06	(69.5)	138⅝	.....	4.23	4.42
128	124	Do. 2½pc '09	(78.8)	126	-1/16	4.25	4.43
132⅞	128	Do. 2½pc '11	(74.6)	130¼xd	-1/16	4.25	4.42
109¼	105	Do. 2½pc '13	(89.2)	107xd	-1/16	4.26	4.41
117½	113	Do. 2½pc '16	(81.6)	114½	-1/16	4.24	4.38
113	109	Do. 2½pc '20	(83.0)	110	-1/16	4.21	4.34
95	91	Do. 2½pc '24‡‡	(97.7)	91	-1/16	4.17	4.29

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103	95¾	African Dv Bk 11¼Ln 2010	102	-⅛	10.80	10.74
98⅝	91¾	Asian Dev Bk 10¼pcLn2009	97	-1/16	10.47	10.50
112½	105	Int-Am Dev Bk 12½pc 2003	112	-1/16	11.16	10.64
93	86¾	Do. 9¾pcLn 2015	92	-1/16	10.52	10.59
123½	101	Utd. Mexican States 16½pc 2008	123	-1/16	13.40	13.18

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	102½	+1	11.22	11.20
97½	93½	GLC 6¾pc 1990-92	97½	.....	6.93	11.05
115½	110½	Leeds 13½pc 2006	114½	.....	11.79	11.40
30	28	Liverpool 3½pc Irred	30	.....	11.67	-
27	26	LCC 3pc '20 Aft.	26	.....	11.54	-
103½	97½	Manchester 11½pc 2007	102½	.....	11.22	11.15

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Assd.	90	.....	-	-

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104½	102	N'wide Anglia 3⅝pc Ln 2021	103¼	.....	-	5.53
107	104	Do. 4.25pcIL '24	105	.....	-	5.17

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	17.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	16.00
50	50	Do 4pc Mixed Ass.	50	.....	2	14.00
55	55	Hung. '24 Ass.	55	.....	2.75	13.57
128	120	Hydro Quebec 15pc 2011	128¼	-⅛	12.89	11.38

Continued on next page

APPOINTMENTS

European posts at Ernst & Young

■ ERNST & YOUNG has made the following appointments.

At Ernst & Young TKD, a Polish joint venture, Mr Derek Chrusciak becomes managing partner, and Mr Jerzy Cieslik is made partner in charge of the consultancy practice; Mr Jan Lindenaar, from the firm's Dutch practice, will be seconded to Warsaw from September 1 to develop the audit practice.

At joint venture Ernst & Young CS Consulting, Prague, Mr Richard Novak becomes managing partner of the new firm, and Mr Sean Kelleher, a partner from the Dublin office, will transfer from November 1 to develop the Czechoslovakian audit practice.

Mr Lawrence Danzig, a New York valuation specialist, has been appointed director of valuation to Ernst & Young Hungary, based in Budapest. Mr Rene Bijvoet, a Dutch tax partner who speaks Hungarian, has been seconded to Budapest and heads the tax and international business services practice in Hungary.

Mr Lorenz McDougall has been appointed a partner in Ernst & Young Vneshaudit, Moscow, following his full time secondment from the UK.

■ TRENCHERWOOD, a property developer, has promoted Mr Richard Brooke from finance director of Trencherwood Homes to group finance director. Mr Peter Ascroft, finance director of Trencherwood Commercial, has been appointed group commercial director.

■ CONTINENTAL BANK has appointed Mr Bruce B. Proctor (pictured) as managing director and business manager of its London branch, a new post. He moves to London from the bank's headquarters in Chicago, where he managed the international counterparty risk division. Mr Proctor will be the principal liaison with government and regulatory bodies in the UK. Mr William M. Goodyear, executive vice president and head of Continental's global distribution businesses, returns to Chicago from London. He will assume responsibility for private and commercial banking in metropolitan Chicago.

■ CRICKET, a London-based communications company, has appointed Mr David Copeman as sales director.

■ TLS RANGE, Eccles, has appointed Mr Mike Jepson as general manager, operations. He was managing director of York Transport Engineering, and sales, marketing and service director of Angloco. Mr Philip Sims becomes general manager, sales and marketing. He was sales and marketing director of Wincanton Contracts, a subsidiary of Unigate.

■ PRICE WATERHOUSE has appointed Mr Rodger Hughes (pictured) as partner-in-charge in the north west. He succeeds Mr David Morris who has moved to the London office to lead the audit and business advisory services operation nationally.

■ Mr Gavin Kirkpatrick has been appointed chief executive of THE BRITISH COMPUTER SOCIETY. He has been working with the Society as programme director Europe, on secondment from ICL. He succeeds Mr Jim Brookes who assumes a consultancy role.

Nine join board of BTR International

■ BTR has appointed nine senior executives from the group's principal operating businesses to the board of BTR International, one of the principal operating holding companies. They are: Mr Patrick Austen, group chief executive, BTR Sports & Leisure Group; Mr Bob Beeston, managing director, BTR Valve Group; Mr Paul Buysse, group chief executive, BTR Automotive & Engineering Group; Mr Brian Crowther, group chief executive, BTR Industrial & Consumer Group; Dr Huw Davies, chief executive, BTR Nylex Polymer, Glass/Textiles & Commercial Interiors Groups; Mr James Fulton, president, Clarkson Group; Mr Roberto Quarta, group chief executive, BTR Sealing Systems Group; Mr Peter Robinson, chief executive, BTR Nylex Packaging & Building Products Group; and Mr John Thompson, group chief executive, BTR Paper Group.

PUBLIC WORKS LOAN BOARD RATES

Effective August 14

Years	Quota loans* EPt	Quota loans* At†	Quota loans* at maturity§
1			10¾
Over 1 up to 2	10¾	10¾	10⅝
Over 2 up to 3	10⅝	10⅝	10⅝
Over 3 up to 4	10⅝	10⅝	10¾
Over 4 up to 5	10⅝	10⅝	10¾
Over 5 up to 6	10⅝	10¾	10⅞
Over 6 up to 7	10¾	10¾	10⅞
Over 7 up to 8	10¾	10¾	11
Over 8 up to 9	10¾	10⅞	11
Over 9 up to 10	10⅞	10⅞	11⅛
Over 10 up to 15	11	11⅛	11
Over 15 up to 25	11⅛	11	11
Over 25	11	11	11

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LONDON SHARE SERVICE

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‖	31 13/16	+1/16	$1.00	–	1.8
385p	257p	♥Allegheny & W 1c	280p	.....	30c	–	6.3
10¼	667p	Amdahl 5c	837pxd	–10	10c	–	0.7
42⅛	25¾	Amer. Cyanamid $5	37½	–¼	$1.50	–	2.4
17⅞	9 13/16	Amer. Express 60c	15 11/16xd	+3/16	92c	–	3.4
24½	15¼	American T. & T. $1	23xd	–⅛	$1.32	–	3.4
38⅞	32½	Ameritech $1	36 7/16	+11/16	$3.40	–	5.5
25¼	12⅞	BankAmerica $1⅝	25¾xd	+3⅛	$1.20	–	2.8
35⅝	20⅞	Bankers N.Y. $1	35⅝xd	+1¼	$1.52	–	8.1
30½	24¼	Bell Atlantic $1	28⅛xd	.....	$2.52	–	5.3
31¼	25	BellSouth Corp	28	–⅛	$2.76	–	5.8
11⅛	6⅞	♥Bethlehem Steel $8	10⅛xd	+⅞	40c	–	2.3
1839p	1046p	Bowater Inc.	1512p	+16	$1.20	–	4.7
9½	4½	Brunswick 75c	8½xd	+⅛	44c	–	3.1
54	37 13/16	CPC Intnl. 25c	52¼xd	+⅞	$2.00	–	2.3
852p	420p	California Engy	799p	.....	–	–	–
50	28¼	Campbell Soup 15c	47 11/16xd	+11/16	$1.16	–	1.4
12⅝	5⅞	Chase Manhattan $12½	12⅞xd	+1⅞	$1.20	–	5.7
9⅞	5½	Chrysler $6¼	6⅝xd	–¼	60c	–	5.2
10⅝	5⅝	Citicorp $1	8⅜xd	+⅜	$1.00	–	6.7
25	21⅞	Colgate-Palmolive $1	23¼xd	+⅛	$1.06	–	2.6
919p	438p	Cont'l Bank Corp $4	919p	+79	$1.00	–	6.4
21⅝	13 13/16	Dana Corp. $1	18⅞xd	+1/16	$1.60	–	5.2
1106p	203p	Data General	1067p	+21	–	–	–
22⅛	12⅞	Dial Crop. $1.5	21¼xd	–1/16	$1.40	–	3.9
29⅝	20¾	Dun & Bradstreet $1	27	+½	$2.16	–	4.7
40	24¼	Eaton Corpn. 50c	37½	+3/16	$2.20	–	–
8½	5½	Echlin Inc.	7 13/16xd	.....	70c	–	5.2
19⅞	14⅞	FPL Group 1c	19⅝xd	–⅛	$2.40	–	7.3
30⅞	17⅞	Fluor Corp 62½pc	25⅝xd	+½	32c	–	0.7
23⅛	13⅛	Ford Motor $1	18¾	+½	$1.60	–	3.2
46 13/16	28⅞	Gen. Elect. 63c	43⅜xd	.....	$2.04	–	2.8
566p	270p	♥General Host Corp $1	471p	.....	34c	–	4.3
45¾	20⅞	Gillette $1	24¼xd	+1⅛	62c	–	1.5
18⅛	794p	Hasbro Inc 50c	16¼	+⅛	24c	–	0.9
38½	21¼	Honeywell $1½	34⅞xd	+3/16	$1.50	–	2.6
23	17⅞	Houston Inds ‖	22⅝	+⅛	$2.96	–	7.7
72 13/16	55 13/16	IBM Corpn $1¼	58⅝xd	+⅛	$4.84	–	4.9
32½	18⅞	Ingersoll-Rand $2	29⅜xd	+⅛	$1.32	–	2.6
28⅛	16⅛	Lockheed Crpn. $1	26⅞xd	+⅛	$2.00	–	4.4
2155p	1245p	Lowe's 50c	1845p	+10	56c	–	1.8
18⅞	9½	Manuf. Hanover $1	18⅞xd	+⅝	‡$3.28	–	10.3
26⅞	10⅞	Merrill Lynch $1	24¼xd	+½	$1.00	–	2.4
33⅞	21⅛	Morgan (JP) $2½	31⅝xd	+⅛	$1.98	–	3.7
42⅛	25⅞	Morris (Philip)	42⅛xd	+3/16	$1.72	–	2.4
46¼	39	NYNEX $1	44	+½	$4.56	–	6.1
89p	30p	♥Pac. Agricultural	30p	.....	–	–	–
23⅛	11⅞	Pall Corp. 25c	21⅞	+⅛	h44c	–	1.2
46⅛	33¼	Pennzoil 83 1/3c	43⅞xd	+½	$3.00	–	4.1
40½	24⅞	Quaker Oats $5	36⅞xd	+⅛	$1.56	–	2.5
40⅛	24 13/16	Rep NY Corpn $5	38⅛xd	+⅞	$1.40	–	2.2
17⅝	12⅛	Rockwell Intl. $1	15 13/16xd	+⅞	86c	–	3.4
25⅝	12 13/16	Sears, Roebuck 75c	25⅝xd	+1⅞	$2.00	–	4.6
34⅛	25⅞	Southwestern Bell $1	32xd	–⅛	$2.84	–	5.2
20⅛	14⅞	Sun Co Inc. $1	17 13/16xd	+⅛	$1.80	–	6.0
27⅛	21⅛	Tenneco $5	24⅞xd	+⅛	$3.20	–	7.3
40½	29⅞	Texaco $6.25	37⅛xd	–⅛	$3.20	–	5.1
26⅛	17⅛	Texas Instr. $1	18⅛xd	+⅛	72c	–	2.3
*64½	37⅞	Time Warner $1	51½	+1/16	$1.00	–	1.1
16⅝	8⅞	TRINOVA Corp.	14¼xd	.....	68c	–	2.7
510p	250p	♥UniLab	510p	.....	–	–	–
29⅛	22⅞	Utd. Technologies	27⅞	+11/16	$1.80	–	3.9
92p	42p	♥Utilitech Inc.	81p	.....	–	–	–
23	18¼	US West‖	21 1/16	–1/16	$2.08	–	5.7
162p	87½p	Varity Corp‖	149pxd	+1	$1.30	–	–
24⅞	16⅝	Waste Management $1	22 7/16	+⅛	44c	–	1.2
2191p	1053p	Whirlpool $1	2127p	–17	$1.10	–	3.1
20⅞	13½	♥Woolworth $3½	17	+1/16	$1.08	–	3.8

CANADIANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp	10½p	.....	–	–	–
1467p	953p	♥Amer. Barrick Res	1391p	+22	8c	–	0.3
19½	13	Bk. Montreal ‖	19	+⅛	$2.12	–	5.7
983p	536p	Bk. Nova Scot.‖	983pxd	+31	$1.00	–	5.2
825p	639p	♥BC Gas $1	889p	–2	60c	–	3.8
23¼	17¼	BCE ‖	23⅛	+3/16	$2.56	–	5.6
10½	647p	♥Brascan‖	938p	+5	$1.04	–	5.6
36p	15½p	♥Breakwater Res.	18p	.....	10c	–	28.3
1717p	1180p	Can. Imp Bank‖	1623p	+40	$1.32	–	4.1
11	855p	Can. Pacific ‖	990p	+25	64c	–	3.3
36	30	Do. 4pc Deb £100	36	+2	04%	–	11.1
335p	84p	♥Central Cap 'A' ‖	88p	+4	60c	–	–
250p	197p	♥Cons TVX Min	225p	+9	–	–	–
483p	246p	♥Derlan Inds. ‖	375p	+2	28c	–	3.8
628p	370p	♥Echo Bay Mines	502p	.....	7.5c	–	0.9
191p	98p	♥ECO Corp ‖	98p	–13	–	–	–
83p	55p	Granges Explr.‖	77p	–1	–	–	–
520p	362p	♥Gulf Canada‖	459p	+15	40c	–	4.4
14½	10	♥Hawker Sid Can‖	13⅛	.....	$1.08	–	4.2
2013p	876p	♥Hudson's Bay ‖	1792p	+4	‡80c	–	2.3
29¼	26¼	♥Imperial Oil‖	27¼	–⅛	$1.80	–	3.4
23⅛	12½	Inco‖	20⅝	+¼	$1.00	–	2.5
552p	316p	♥Intl. Corona Corp	427p	+28	Q20c	–	2.4
4¾p	2¼p	♥Muscocho Expln	2½p	.....	–	–	–
17p	4p	♥Nth West Gold ‖	9¼p	+3¼	–	–	–
484p	360p	Nova Corp of Alberta	408pxd	–5	52c	–	6.6
1091p	745p	♥Rio Algom	847p	–2	80c	–	4.8
1397p	1022p	Royal Bk. Can. ‖	1397p	+40	$1.16	–	4.2
14p	7¼p	♥Sonora Gold Corp‖	12p	.....	–	–	–
15p	3p	♥Tara Pure Tech. Corp‖	4p	.....	–	–	–
1048p	736p	Toronto-Dom. Bk‖	970p	+31	84c	–	4.4
979p	719p	♥Trans Can Pipe	867p	+5	72c	–	4.2

For Varity see Americans

BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£12¼	£9⅞	ABN Amro Fl5	£12⅛	.....	Q58%	◆	7.3	◆
185	122	ANZ $A1	182	.....	‡Q38c	1.9	‡	5.5
311	211	Abbey National 10p	294	.....	9.5	3.2	4.3	9.6
183	126	Allied Irish Ord.	169	+1	Q43.7%	1.9	5.8	12.3
65	47	Anglo Irish	55	.....	Q16.6%	2.3	7.6	7.2
60	23	Ansbacher (H.) 1p	29	.....	1.5	–	6.9	–
£52¼	£38⅞	Bancaire Cie Fr100	£52⅛	–⅛	Q136%	–	2.7	–
£18⅝	£12½	Banco Bilbao Viz	£17½	+⅛	Q49.1%	2.7	4.7	7.9
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

For Scott see INDUSTRIALS (Misc)

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

For EIT see ELECTRICALS

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
708	155	Airtours 10p	691	+21	18.25	2.9	1.6	21.7
108	71½	Allied Leis. 5p	95	...	F4.75	3.5	6.7	6.7
246	140	Anglia TV	164	...	9.26	2.4	7.5	7.5
31	14	Avesco 1p	27	...	1.5	1.1	7.4	16.7
[illegible]								

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
4½	2	Abaca Grp. 5p	2	...				
100	78	Allied London 10p	80	...	3.53	0.5	5.9	63.3
95	75	Do 5¼pc Cnv Rd Pf £1	85	...	5¼%		9.0	
43	11	Anglo St. James 35p	17	...				(4.6)
90	58	Arcadian Intl	59	...				
[illegible]								

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
89	38	T I P Europe	57	...				
73	32	TNT A$0.50	39	+1				
439	283	Tibbett & Britten 5p	439	...	9.2	2.3	2.8	20.2
519	305	Tiphook 10p	514	+5	13.8		3.6	8.5
278	206	Transport Dev	278	+3½	9.5	1.8	4.6	15.8
125	85	Turnbull Scott £1	100					
£8¼	£4¼	Ward 45 "A" Free NK2.5	£7¼					

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
383	331	Anglian £1	375	+2	17.5	2.5	6.2	(8.2)
178	135	East Surrey 10p	170		8.0	2.7	6.3	(6.4)
178	155	Mid Kent Hldgs £1	171		18.0	2.8	6.2	6.5
387	322	North West £1	372	-2	18.0	2.5	6.5	(6.9)
406	327	Northumbrian £1	375	-2	18.0	2.9	6.6	5.7
370	300	Severn Trent £1	337		17.55	3.0	6.9	5.3
397	293	Southern £1	333		17.7	2.5	7.1	(6.2)
392	308	South West £1	353	+1	20.0	2.7	7.6	(5.4)
394	323	Thames £1	374	+1	17.5	2.2	6.2	(8.0)
[illegible]								

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
	2½	Croesus Mining N L	3½	...			
49	17	Delta Gold 25c	46				
42	28	Dominion Mining	34	-1	t04c	7.8	5.6
19½	11	Doral Resources	19	...	Q1c		2.5
4½	1½	Dragon Mining	4½	...			
32	20	Emperor Mines	27				
5½	3	Fersarth NL	4½	-¼			
35½	19½	GM Kalgoorlie 5c	38½				
47	29	Gwalia Cons 20c	37	-1	Q8c	1.6	10.1
78	36	Hampton Diamond $2	40	+2			
2½	1	Jason Mining 20c	2	...			
[illegible]							

Tins

[illegible]

Miscellaneous

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
[illegible]							
£11¼	£7⅛	Homestake Mining $1	[illegible]	[illegible]	Q20c		1.3
61	30	††Ivernia West	56	...			
46	36	††Kells Mins Ir5p	36	...			
25	9	††Kenmare	12	...			
18	15	††Navan Resources	18	+2			
99	52	Northgate Expl C$1	75	+3			
16	6	North West Expl.	7				
109	25	Nor-Quest Res	103	...			
188	82	Oryx Gold Hldgs.	152	+2			
23	11	††Ovoca Gold IR 2p	13	...			
40	20	Plateau Mining 20p	21				
598	404	RTZ 10p	587	+7	19.5	2.2	4.4
11	3½	Thorco Res Inc $1	10¼	...			
10	5	Vizcaya Hldgs 5p	5	...			
133	120	Young Group 10p	123	...	5.2	1.7	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend, cover based on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or -
Craig & Rose £1	β	640	.....
Finlay Pkg. 5p	β	20	.....
Holt (Jos) 25p	β	1978	.....
Helton Hldgs	γ	38	.....

IRISH

Stock	Price	+ or -
Cap. 8½% Ln 2010	£93⅞	+⅛
9pc Cap Ln 1996	£98⅛	.....
Fin. 13% 97/02	£114	..
Arnotts	171	.....
IRG	130	.....
United Drug	171	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	28
Lloyds Bank	38
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	48

Property

Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	309.6	309.6	330.5	+1.6	1.25
(Accum Units) ♥	5	362.2	362.2	386.6	+1.8	1.28
British	5	810.8	810.8	857.8	+2.2	5.80
(Accum Units)	5	1298.0	1298.0	1373.3	+3.5	5.80
European	5	327.1	327.1	348.3	-0.7	1.51
(Accum Units)	5	350.6	350.6	373.3	-0.8	1.51
Japan	5	115.6	115.6	122.8	-1.7	-
(Accum Units)	5	116.5	116.5	123.7	-1.7	-
New Pacific	5	170.9	170.9	181.7	+1.1	1.97
(Accum Units)	5	175.5	175.5	186.6	+1.2	1.97
PEP Aug 14	5	135.4	137.8	145.8	+0.7	3.81
Mngd Equity	5	121.9	123.7	130.9	+0.6	3.55
Mngd Equity Acc	5	129.3	131.2	138.8	+0.5	3.55
Mngd Cash	5	96.31	96.31	101.3		10.36
(Accum Units)	5	114.1	119.1	119.8		10.70
Mngd Fund Acc Aug 14	5	121.0	121.0	128.0		6.87
Majority Stlg	1	100.32	100.32	101.31	+0.02	10.49
Majority Stlg Acc	1	105.23	105.23	106.27	+0.02	10.49

Storebrand Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

International July 15	0	50.80	50.80	51.36	...	13.47

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Sun Alliance House, Horsham 0403 56293

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	407.2	614.6	657.3	+5.2	3.20
North America	6	79.28	79.28	84.79	+0.85	0.94
Far East	6	91.74	91.74	98.10	+0.90	0.93
W'wide Bond	6	47.40	47.40	50.43	+0.17	6.17
European	6	66.94	67.39	72.07	-0.07	1.38
Equity Income	6	70.89	71.88	76.88	+0.46	5.07
Portfolio	6	58.54	58.54	62.61	+0.71	2.18

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingview, Basingstoke, Hants 0800 525725

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	6	26.71	26.71	28.57	+0.18	0.42
Managed Assets	6	103.38	104.15	111.40	+0.97	3.91
UK Income	6	32.94	33.31	35.85	+0.36	4.47
UK Growth	6	32.84	33.29	35.61	+0.38	3.12
Worldwide Growth	6	24.60	24.60	26.32	+0.24	0.76

Sun Life Trust Mngmt Ltd (1200)H
101, Cannon St, London EC4N 5AD
Admin & Enq 071-606 4044 Dealing 071-606 6010

Edinburgh Fund Mngrs PLC

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt Funds				
American Aug 14	161.8	166.2	+2.9	1.51
Managed Aug 14	147.3	152.8		3.76
Japan Aug 15	112.3	115.4	-3.4	0.08
Sm Jap Cos Aug 9	555.2	570.5	-15.8	0.08

Fidelity Investment Services Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Mngd Pens P'folio	132.3	136.5	+1.10	3.46

Robert Fleming Asset Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Am Exempt	£481.62	488.96	...	1.78
Gen Exempt	£131.23	134.18		4.12
Jap Exempt	£464.88	474.36		0.80
Pacific Exempt	£101.50	103.50		3.12
Cont'l Euro Exempt	£96.04	97.73		2.27
Indexed Exempt Aug 8	£130.22	133.47		4.64
Amer Indxd Exmt Aug 8	£105.57	105.63		3.04
Japan Indxd Exmt Aug 8	£64.08	65.35		0.65
Euro Indxd Exmt Aug 8	£95.92	97.86		2.82
O'seas Indxd Exmt Aug 8	£99.08	101.23		2.26

Funds in Court*

	Bid Price	Offer Price	+ or -	Yield Gross
Capital July 17	498.37	502.04		2.44
Gross July 17	179.05	180.50	—	10.80
High Yield July 17	293.47	295.84		6.96

* Restricted to moneys under Court control

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Mngd	53.96	55.06	+0.39	3.75

INVESCO MIM Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt Funds				
Intl Mngd P'Folio	1208	1302xd		-
Mngd Pens (Acc)	68.30	72.20		-

Lazard Brothers & Co. Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Property Jan 3	£2860.0	2675.0	...	6.00
Inc Gth Prp Apr 16	£1325.0	1460.0		7.20

Lazard Investors Ltd ‡‡

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt Funds				
Small Co's Aug 15	£3522.5	3693.0xd	+35.10	4.41
European Aug 15	£534.0	539.9	+3.70	2.23
American Aug 15	£363.6	367.4	+6.00	1.95

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488

Crusader Insurance PLC
PO Box 37 Greenock, Renfrewshire PA15 4AZ 0475 888000

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY 071-488 0733

Legal & General (Unit Pensions) Ltd
Kingswood House, Kingswood, Tadworth, Surrey 0737 370370

Manulife Group — Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108.3	114.0	+0.7	-
Pension Managed Fd	106.9	112.5	+0.7	-
Life Deposit Fd	108.7	114.4	-	-
Pension Deposit Fd	114.4	120.5	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.7	117.6	+0.5	-
Managed Growth	138.4	145.7	+0.5	-
Managed Opportunity	138.8	146.2	+0.3	-
NFMC Target Financial	106.0	111.6	+0.5	-
Pension Funds				
Managed Cautionary	122.3	128.8	+0.6	-
Managed Growth	146.4	154.2	+0.5	-
Managed Opportunity	139.0	146.4	+0.3	-
NFMC Target Mega Pen	1556.6	1638.6	+12.5	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.0	172.7	-0.3	-
UK Equity	174.4	183.6	+1.6	-
Overseas Equity	131.7	138.7	-5.2	-
Fixed Interest	149.1	157.0	+0.3	-
Property	131.8	138.8	-0.1	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone

Initial Equity
Accum Equity
Accum Managed
Accum Five Star
Accum World
Accum Lifetime
Pens Acc Equity
Pens Acc Managed
Pens Acc Intl
Pens Acc Deposit
Pens Acc Five Star

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants

UK Equity Acc
UK Fixed Int Acc
Intl Equities Acc
UK Managed Acc
Property Acc
Money Acc
Special Market Acc
Japan Equity Acc
North American Acc
Pacific Acc
Technology Acc
Nat Resources Acc
European Acc
Residential Prop Acc
Swiss Equities Acc

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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U.S. Treasury Securities Fund Ltd

Yamaichi Capital Mangmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (a)

MI Global Asset Mangmt Co. Ltd "MI Trusts"

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

John Govett—Contd.

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

INVESCO MIM International (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Royal Trust Jsy. Fd. Mngt Ltd (1490)F

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm despite rate hint

THE DOLLAR was slightly firmer at the European close yesterday, despite an apparent hint from the Bundesbank of higher German interest rates. Foreign exchange dealers took the view that a rise in official German rates has already been allowed for in the value of the US currency against the D-Mark.

Publication of US consumer price data did little to encourage speculation that the Federal Reserve will ease its monetary stance in the near future, but on the other hand the figures indicated that inflation is under control. July consumer prices rose 0.2 per cent, in line with expectations, to bring the year-on-year inflation rate down to 4.4 from 4.7 per cent. Since the beginning of the year the consumer price index has risen at an annual rate of 2.7 per cent, compared with a rate of 6.1 per cent for the whole of 1990.

Core inflation, excluding food and energy, rose 0.4 per cent in July. This was twice the headline rate, but was unchanged from the previous month, and means that the annualised underlying rate is steady at 4.8 per cent. Economists pointed out that core inflation has been in a 4.0 to 5.0 per cent range for seven years and still appears to be stable.

Data showing that real average weekly earnings for US workers fell by 1.4 per cent in July, from the previous month, while June business inventories fell 0.3 per cent, after a revised 0.6 per cent drop in May, had no impact on the dollar.

It touched a peak of DM1.7420, but failed to stabilise above the DM1.7400 level, falling back towards the London close, although still finishing firmer on the day.

The dollar rose to DM1.7350 from DM1.7305; to Y136.55 from Y136.50; to SFr1.5195 from SFr1.5145; and to FFr5.9000 from FFr5.8925. On Bank of England figures its index climbed to 66.4 from 66.3.

The market is now waiting for the result of today's meeting of the German Bundesbank council, the first after the summer recess, amid expectations that the discount and Lombard rates are likely to rise. Action by the central bank on its domestic money market indicated that an increase in both rates is likely, but dealers said the D-Mark may suffer if the Lombard rate is not increased. Recent comments from German officials, including Mr Helmut Schlesinger, Bundesbank president, appear to make an increase in the discount rate a virtual formality.

Sterling was generally weaker, but held its position above the French franc and Danish krone in the European exchange rate mechanism. The fear of higher German rates and the possibility of similar action by other members of the ERM weighed on the pound.

It lost 55 points to $1.6875, while falling to DM2.9275 from DM2.9300; to FFr9.9550 from FFr9.9750; and to Y230.50 from Y231.00, but was unchanged at SFr2.5650. Sterling's exchange rate index finished unchanged at 90.8.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.386	-3.92	5.38	68
Belgian Franc	42.4032	42.2447	-0.37	1.63	23
D-Mark	2.05586	2.05076	-0.25	1.50	23
Dutch Guilder	2.31643	2.31246	-0.17	1.42	14
Italian Lira	1538.24	1536.30	-0.13	1.37	12
Irish Punt	0.767417	0.767391	0.00	1.25	5
Sterling	0.696904	0.699002	0.30	0.94	-7
French Franc	6.89509	6.97535	1.16	0.08	-58
Danish Krone	7.84195	7.93967	1.25	0.00	-52

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug 14	Latest	Previous Close
£ Spot	1.6850-1.6860	1.6920-1.6930
1 month	0.75-0.73pm	0.79-0.77pm
3 months	2.20-2.17pm	2.18-2.15pm
12 months	7.02-6.97pm	7.10-7.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 14	Previous
8.30 am	90.8	90.8
9.00 am	90.8	90.8
10.00 am	90.8	90.8
11.00 am	90.8	90.8
Noon	90.7	90.8
1.00 pm	90.7	90.8
2.00 pm	90.8	90.8
3.00 pm	90.8	90.8
4.00 pm	90.8	90.8

CURRENCY MOVEMENTS

Aug 14	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.6
U.S. Dollar	66.4	-12.5
Canadian Dollar	105.9	+3.1
Austrian Schilling	108.9	+11.4
Belgian Franc	110.3	-2.7
Danish Kroner	107.6	+2.4
D-Mark	116.7	+23.7
Swiss Franc	108.9	+17.6
Dutch Guilder	113.0	+15.2
French Franc	101.9	-13.7
Lira	97.9	-20.4
Yen	139.1	+70.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Aug.13

CURRENCY RATES

Aug 14	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.790837	0.699002
U.S. Dollar	5.50	1.34126	1.17887
Canadian $	8.95	1.53708	1.35051
Austrian Sch.	7	16.3044	14.4329
Belgian Franc	7.50	47.7086	42.2447
Danish Krone	9	8.97102	7.93967
D-Mark	6.50	2.31542	2.05076
Dutch Guilder	7.75	2.61090	2.31246
French Franc	10¼	7.97990	6.97535
Italian Lira	11½	1736.89	1536.30
Japanese Yen	5.50	182.881	160.974
Norway Krone	8	9.05954	8.01900
Spanish Peseta	-	145.242	128.386
Swedish Krona	10.00	N/A	7.45220
Swiss Franc	6.00	2.02329	1.79306
Greek Drach	19	N/A	226.484
Irish Punt	-	N/A	0.767391

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.13

OTHER CURRENCIES

Aug 14	£	$
Argentina	16733.0 - 16769.8	9910.00 - 9920.00
Australia	2.1590 - 2.1610	1.2785 - 1.2795
Brazil	614.280 - 615.160	363.700 - 364.000
Finland	7.1285 - 7.1410	4.2270 - 4.2300
Greece	319.250 - 326.650	189.200 - 192.980
Hong Kong	13.0955 - 13.1115	7.7605 - 7.7625
Iran	115.80*	67.90*
Korea(Sth)	1232.55 - 1252.40	731.00 - 736.80
Kuwait	0.49200 - 0.49550	0.29150 - 0.29350
Luxembourg	60.25 - 60.35	35.70 - 35.80
Malaysia	4.6845 - 4.6925	2.7775 - 2.7795
Mexico	5092.35 - 5097.05	3015.00 - 3016.00
N.Zealand	2.9420 - 2.9455	1.7430 - 1.7450
Saudi Ar	6.3040 - 6.3805	3.7500 - 3.7510
Singapore	2.9030 - 2.9095	1.7200 - 1.7220
S.Af (Cm)	4.8365 - 4.8480	2.8670 - 2.8685
S.Af (Fn)	5.4100 - 5.4985	3.2050 - 3.2575
Taiwan	45.05 - 45.15	26.70 - 26.75
U.A.E.	6.1720 - 6.2485	3.6715 - 3.6735

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6830 - 1.6920	1.6870 - 1.6880	0.75-0.73cpm	5.26	2.20-2.17pm	5.18
Canada	1.9305 - 1.9365	1.9315 - 1.9325	0.39-0.31cpm	2.17	1.12-0.99pm	2.18
Netherlands	3.2950 - 3.3090	3.2950 - 3.3050	½-¼cpm	1.59	1¼-⅞pm	1.21
Belgium	60.20 - 60.55	60.25 - 60.35	13-9cpm	2.19	29-22pm	1.69
Denmark	11.3265 - 11.3635	11.3350 - 11.3450	1⅞-1⅛orepm	1.59	4⅛-3¼pm	1.34
Ireland	1.0950 - 1.1000	1.0960 - 1.0970	0.09-0.04cpm	0.71	0.23-0.13pm	0.66
Germany	2.9250 - 2.9365	2.9250 - 2.9300	½-¼pfpm	1.54	1¼-1pm	1.45
Portugal	250.75 - 252.55	250.95 - 251.95	21-125cdis	-3.48	169-323dis	-3.91
Spain	182.95 - 184.00	183.15 - 183.45	23-35cdis	-1.9	70-87dis	-1.71
Italy	2191.65 - 2200.75	2193.25 - 2194.25	par-2liredis	-0.55	3-5dis	-0.73
Norway	11.4395 - 11.4835	11.4525 - 11.4625	1¼-½orepm	0.79	2¼-1⅛pm	0.65
France	9.9500 - 9.9930	9.9500 - 9.9600	1⅜-1⅛cpm	1.51	3⅛-2⅝pm	1.21
Sweden	10.6275 - 10.6730	10.6400 - 10.6500	⅜-⅛orepm	0.42	¼-⅛pm	0.16
Japan	230.00 - 231.00	230.00 - 231.00	¾-⅝ypm	3.58	2⅛-2pm	3.58
Austria	20.57 - 20.65	20.57 - 20.60	3⅛-2¼gropm	1.64	9½-7⅛pm	1.62
Switzerland	2.5600 - 2.5700	2.5600 - 2.5700	¾-⅝cpm	3.22	2⅛-1⅞pm	3.12
Ecu	1.4250 - 1.4330	1.4250 - 1.4260	0.14-0.08cpm	0.93	0.43-0.34pm	1.08

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.00-3.95cpm. 12 Month 7.04-6.94cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6830 - 1.6920	1.6870 - 1.6880	0.75-0.73cpm	5.26	2.20-2.17pm	5.18
Ireland†	1.5350 - 1.5405	1.5390 - 1.5400	0.56-0.50cpm	4.09	1.72-1.62pm	4.34
Canada	1.1435 - 1.1460	1.1435 - 1.1445	0.28-0.31cdis	-3.09	0.84-0.89dis	-3.02
Netherlands	1.9530 - 1.9645	1.9555 - 1.9565	0.58-0.61cdis	-3.65	1.84-1.89dis	-3.81
Belgium	35.70 - 35.85	35.70 - 35.80	9.20-11.20cdis	-3.42	29.00-35.00dis	-3.58
Denmark	6.7075 - 6.7385	6.7175 - 6.7225	1.95-2.25oredis	-3.75	6.20-6.80dis	-3.87
Germany	1.7315 - 1.7420	1.7345 - 1.7355	0.53-0.54pfdis	-3.70	1.64-1.67dis	-3.82
Portugal	149.00 - 149.30	149.00 - 149.10	100-120cdis	-8.86	315-360dis	-9.06
Spain	108.55 - 109.00	108.55 - 108.65	60-70cdis	-7.18	180-190dis	-6.81
Italy	1298.00 - 1304.50	1299.75 - 1300.25	6.20-6.70liredis	-5.95	19.00-20.00dis	-6.00
Norway	6.7700 - 6.8080	6.7875 - 6.7925	2.43-2.73oredis	-4.56	7.60-8.10dis	-4.62
France	5.8950 - 5.9250	5.8975 - 5.9025	1.91-1.96cdis	-3.94	5.83-5.93dis	-3.99
Sweden	6.2950 - 6.3300	6.3050 - 6.3100	2.45-2.70oredis	-4.90	7.90-8.35dis	-5.15
Japan	136.20 - 136.80	136.50 - 136.60	0.18-0.20ydis	-1.67	0.54-0.56dis	-1.61
Austria	12.1940 - 12.2470	12.2250 - 12.2300	3.65-4.10grodis	-3.80	10.80-12.00dis	-3.73
Switzerland	1.5120 - 1.5230	1.5190 - 1.5200	0.27-0.30cdis	-2.25	0.84-0.88dis	-2.26
Ecu	1.1775 - 1.1830	1.1820 - 1.1830	0.43-0.40cpm	4.21	1.27-1.21pm	4.19

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛ - 11	11 - 10⅞	11⅛ - 11	11 - 10⅞	10⅞ - 10¾	10 13/16 - 10 11/16
US Dollar	5⅝ - 5½	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	5 13/16 - 5 11/16	6 1/16 - 6 1/16
Can Dollar	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	8 9/16 - 8 7/16	8⅝ - 8½	8 11/16 - 8 9/16
Dutch Guilder	9¼ - 9	9⅛ - 8⅞	9¼ - 8 15/16	9 5/16 - 9 3/16	9 7/16 - 9¼	9½ - 9⅜
Swiss Franc	8¼ - 8	8¼ - 8	8 - 7⅞	8 - 7⅞	8 - 7⅞	7 13/16 - 7 11/16
D-Mark	9 1/16 - 8 15/16	9 1/16 - 8 15/16	9¼ - 9⅛	9 5/16 - 9 3/16	9 7/16 - 9 5/16	9⅝ - 9½
French Franc	9 5/16 - 9 3/16	9 5/16 - 9 3/16	9⅜ - 9¼	9 7/16 - 9 5/16	9 9/16 - 9 7/16	9⅝ - 9½
Italian Lira	12 - 10	11½ - 10¾	11⅝ - 11⅜	11⅝ - 11⅜	12 - 11¾	12⅛ - 11⅞
Belgian Franc	8⅞ - 8¾	9 - 8⅞	9¼ - 9⅛	9 5/16 - 9 3/16	9⅜ - 9¼	9 7/16 - 9 5/16
Yen	7½ - 7 7/16	7½ - 7 7/16	7 13/16 - 7 11/16	7¾ - 7⅝	7 5/16 - 7 3/16	6 15/16 - 6⅞
Danish Krone	9¼ - 9	9 5/16 - 9 3/16	9 7/16 - 9 5/16	9 9/16 - 9 7/16	9 11/16 - 9 9/16	9⅞ - 9¾
Asian $Sing	5⅝ - 5½	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5⅝ - 5½	5¾ - 5⅝

Long term Eurodollars: two years 7-6⅞ per cent; three years 7½-7⅜ per cent; four years 7 13/16-7 11/16 per cent; five years 8 1/16-7 15/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.687	2.927	230.5	9.955	2.565	3.300	2194	1.932	60.30	1.425
$	0.593	1	1.735	136.6	5.901	1.520	1.956	1301	1.145	35.74	0.845
DM	0.342	0.576	1	78.75	3.401	0.876	1.127	749.6	0.660	20.60	0.487
YEN	4.338	7.319	12.70	1000.	43.19	11.13	14.32	9518	8.382	261.6	6.182
F Fr.	1.005	1.695	2.940	231.5	10.	2.577	3.315	2204	1.941	60.57	1.431
S Fr.	0.390	0.658	1.141	89.86	3.881	1	1.287	855.4	0.753	23.51	0.556
H Fl.	0.303	0.511	0.887	69.85	3.017	0.777	1	664.8	0.585	18.27	0.432
Lira	0.456	0.769	1.334	105.1	4.537	1.169	1.504	1000.	0.881	27.48	0.649
C$	0.518	0.873	1.515	119.3	5.153	1.328	1.708	1136	1	31.21	0.738
B Fr.	1.658	2.798	4.854	382.3	16.51	4.254	5.473	3638	3.204	100.	2.363
ECU	0.702	1.184	2.054	161.8	6.986	1.800	2.316	1540	1.356	42.32	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

[illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

[illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100%

[illegible]

LIFFE EURODOLLAR OPTIONS US$1m points of 100%

[illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT * £50,000 32nds of 100%

[illegible]

US TREASURY BONDS 8% * $100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100%

[illegible]

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
Sep	89.21	89.23	89.18	89.23
Dec	89.70	89.72	89.65	89.70
Mar	89.95	89.96	89.93	89.95
Jun	89.86	89.88	89.84	89.88
Sep	89.72	89.73	89.70	89.73
Dec	89.62	89.63	89.62	89.63

Est. Vol. (inc. figs. not shown) 16297 (13600)
Previous day's open int. 137963 (135714)

THREE MONTH EURODOLLAR * $1m points of 100%

	Close	High	Low	Prev.
Sep	94.27	94.27	94.23	94.23
Dec	93.97	93.97	93.90	93.89
Mar	93.93	93.91	93.86	93.82
Jun	93.57	93.56	93.52	93.45

Est. Vol. (inc. figs. not shown) 4042 (3607)
Previous day's open int. 33019 (33047)

THREE MONTH EUROMARK * DM 1m points of 100%

	Close	High	Low	Prev.
Sep	90.61	90.62	90.58	90.62
Dec	90.63	90.64	90.59	90.63
Mar	90.87	90.90	90.83	90.84
Jun	91.00	91.00	90.96	90.97
Sep	91.15	91.16	91.10	91.08
Dec	91.25	91.24	91.23	91.23

Estimated volume 20002 (18317)
Previous day's open int. 169926 (127597)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev
Sep	90.05	90.04	90.02	90.05
Dec	90.12	90.13	90.12	90.12
Mar	90.45	90.44	90.44	90.45
Jun	90.66	90.66	90.64	90.65

Estimated volume 271 (389)
Previous day's open int. 5379 (5258)

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

	Close	High	Low	Prev
Sep	92.11	92.12	92.08	92.10
Dec	92.27	92.28	92.23	92.23
Mar	92.54	92.54	92.50	92.50
Jun	92.76			92.75

Estimated volume 1953 (2775)
Previous day's open int. 17909 (18273)

FT-SE 100 INDEX * £25 per full index point

	Close	High	Low	Prev
Sep	2634.0	2639.0	2618.0	2608.0
Dec	2679.0	2679.0	2660.0	2651.5
Mar	2714.0			2688.0

Estimated volume 4687 (3363)
Previous day's open int. 38000 (38151)

FT-SE EUROTRACK 100 INDEX DM50 per full index point

	Close	High	Low	Prev
Sep	1136.0	1137.0	1136.0	1130.0
Dec				

Estimated volume 7 (0)
Previous day's open int. 225 (225)

* Contracts traded on APT after trading hours

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STANDARD & POORS 500 INDEX $500 times index

[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls				Puts			
[illegible]								
1.650	3.72	4.30	4.78	5.45	0.02	1.19	2.11	4.01
1.675	1.61	2.67	3.28	4.12	0.36	2.13	3.17	5.30
1.700	0.31	1.58	2.23	3.10	1.63	3.44	4.66	6.83
1.725	0.02	0.84	1.44	2.30	3.71	5.22	6.40	8.46
1.750	-	0.39	0.88	1.64	6.14	7.27	8.29	10.32
1.775	-	0.14	0.50	1.14	8.57	9.46	10.40	12.31

Previous day's open int: Calls 371,099 Puts 352,459 (All currencies)
Previous day's volume: Calls 13,974 Puts 17,085 (All currencies)

PARIS

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
September	105.38	105.38	+0.12	105.48	105.32	9.17	84,874
December	105.48	105.52	+0.14	105.62	105.46	9.16	26,249
March	105.42	105.46	+0.14	105.50	105.42	9.16	4,422

Estimated volume 70,770 Total Open Interest 115,545

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	90.39	90.37	-	90.42	90.35	9.63	20,823
December	90.58	90.56	-0.02	90.60	90.54	9.43	19,271
March	90.75	90.72	-0.02	90.76	90.73	9.26	5,408
June	90.79	90.78	-0.02	90.83	90.79	9.20	733

Estimated volume 13,233 Total Open Interest 46,235

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	Yield	Open int.
August	1821.0	1827.0	+7.0	1830.5	1821.0	-	9,317
September	1834.5	1841.0	+7.0	1844.0	1834.5	-	3,831
October	1854.0	1854.5	+7.5	1854.0	1849.5	-	307
December	-	1880.5	+7.5	-	-	-	983

Estimated volume 6,306 Total Open Interest 14,438

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	104.74	104.84	+0.2	104.90	104.72	9.27	2,414

Estimated volume 1,227 Total Open Interest 2,414

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	3.63	-	-	0.16	-
103	-	2.74	-	0.01	0.28	0.60
104	1.40	-	-	0.04	0.52	0.88
105	0.57	1.35	-	0.18	0.83	-
106	0.15	0.88	1.30	0.74	-	-
107	0.02	0.51	0.90	-	-	-
Open Int	139,021	57,961	19,378	102,800	39,658	20,600

Estimated volume 79,856 Total Open Interest 379,418

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth	6-mth.	12-mth
1.6875	1.6801	1.6657	1.6478	1.6176

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6800	1.6814	1.6760	1.6842
Dec	1.6600	1.6614	1.6550	1.6638
Mar	-	-	1.6420	1.6472

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd.	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Bundesbank drains

A RISE in the Bundesbank's Lombard emergency financing rate seemed to be indicated by the allocation of funds at this week's securities repurchase agreement tender.

The German central bank drained liquidity from the banking system and allocated money at rates above the present 9.00 per cent Lombard rate. A net DM4.8bn was withdrawn as bids of DM20.7bn were successful, compared with expiring facilities worth DM25.5bn.

Most 35-day money at the variable rate tender was allotted at 9.00 per cent, compared with 8.90 per cent at last week's tender, and most 63-day funds at 9.15 per cent, against 9.00 per cent at the last similar tender two week's ago.

A rise of 1 point to 7½ per cent is expected in the discount rate at today's Bundesbank council meeting and an increase of ½ point to 9½ per cent in the Lombard rate. The central bank may also revert to fixed rate repurchase pacts, at around 9.20 per cent.

In London interest rates had a firm tone. Three-month sterling interbank was quoted at 11-10⅞ per cent, against 11-10 15/16, with 12-month money unchanged at 10 11/16-10 9/16 per cent.

Prices of short sterling futures fell on Liffe. September delivery declined to 89.20 from 89.23.

The Bank of England initially forecast a credit shortage of £1,100m on the cash market, but revised this to £950m at noon. Assistance of £806m was provided.

An early round of help was offered and at that time the authorities bought £342m bills for resale to the market on September 2 at a rate of 10 15/16 per cent. In further operations before lunch the Bank of England bought £123m bills, including £100m bank bills outright, in band 1 at 10⅞ per cent, and £23m for resale to the market on September 2, at 10 15/16 per cent.

In the afternoon £154m bills were purchased outright, by way of £1m Treasury bills in band 1 at 10⅞ per cent; £148m bank bills in band 1 at 10⅞ per cent; and £5m bank bills in band 2 at 10⅞ per cent. Late assistance of around £205m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £517m, with the unwinding of bill repurchase agreements absorbing £835m, a rise in the note circulation £60m and bank balances below target £140m. These outweighed exchequer transactions adding £450m.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.14) 3 months US dollars		6 months US Dollars	
bid 5⅝	offer 5¾	bid 5 11/16	offer 5 13/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	8½	One month	5.41	Three year	6.79
Broker loan rate	7¾	Two month	5.37	Four year	7.00
Fed.funds	5½	Three month	5.46	Five year	7.38
Fed funds at intervention	-	Six month	5.60	Seven year	7.70
		One year	5.73	10-year	7.87
		Two year	6.41	30-year	8.12

Aug.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	8.90-9.05	9.00-9.15	9.15-9.30	9.30-9.50	9.00
Paris	8 13/16-9 1/16	9¼-9⅜	9⅜-9½	9 7/16-9 9/16	9 9/16-9 11/16	9.25
Zurich	7½-7⅝	7⅝-7¾	-	7¾-8	-	-
Amsterdam	9.00-9.13	9.17-9.27	-	9.40-9.48	-	-
Tokyo	7⅜-7½	7 13/16-7 15/16	-	-	-	-
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Aug 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]					
Interbank Bid	[illegible]					
Sterling CDs	[illegible]					
Local Authority Deps	[illegible]					
Local Authority Bonds	[illegible]					
Discount Mkt Deps	[illegible]					
Company Deposits	[illegible]					
Finance House Deposits	[illegible]					
Treasury Bills (Buy)	[illegible]					
Bank Bills (Buy)	[illegible]					
Fine Trade Bills (Buy)	[illegible]					
Dollar CDs	[illegible]					
SDR Linked Dep. Offer	[illegible]					
SDR Linked Dep. Bid	[illegible]					
ECU Linked Dep. Offer	[illegible]					
ECU Linked Dep. Bid	[illegible]					

Treasury Bills (sell); one-month 10⅝ per cent; three months 10½ per cent; six months [illegible] per cent; Bank Bills (sell) one-month 10⅞ per cent; three months 10 11/32 per cent; Treasury Bills: Average tender rate of discount 10.2845 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1991. Agreed rates for period Aug 26, 1991 to September 24, 1991, Scheme I: 12.31 p.c. Schemes II & III: 11.38 p.c. Reference rate for period July 1, 1991 to July 31, 1991, Scheme IV&V: 11.138 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 19, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

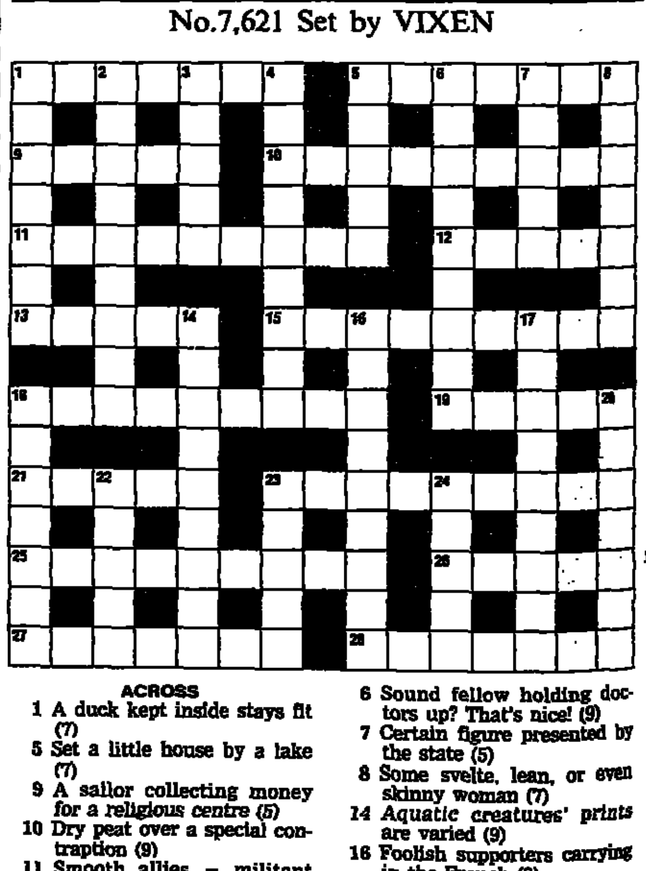
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,621 Set by VIXEN



ACROSS

1 A duck kept inside stays fit (7)
5 Set a little house by a lake (7)
9 A sailor collecting money for a religious centre (5)
10 Dry peat over a special contraption (9)
11 Smooth allies – militant men at one time (9)
12 Person writing sound article (5)
13 A gardening job that's really hard work (5)
15 Plainly this is not the way to use a needle (9)
18 Lure a girl into becoming a partisan (9)
19 There are a hundred in the river – fifty are superior (5)
21 A letter from Greece (5)
23 He knew how to lay his hands on a fortune! (4,5)
25 Rebelling can tire. It can get complicated (9)
26 Divine substance (5)
27 GIs seen making a beginning (7)
28 Not lit up naturally! (7)

DOWN

1 Making humble container in silver (7)
2 Good grounds to conserve the beer (9)
3 Cuts are shown in the supplement (5)
4 Rate highly as a flowering plant (9)
5 It's very foolish allowing credit on a ship (5)
6 Sound fellow holding doctors up? That's nice! (9)
7 Certain figure presented by the state (5)
8 Some svelte, lean, or even skinny woman (7)
14 Aquatic creatures' prints are varied (9)
16 Foolish supporters carrying in the French (9)
17 Last month the engineer would accept port – or decline (9)
18 Note-counting can be tiresome (7)
20 People with a building contract (7)
22 Having turned up, can enter (3,2)
23 A poet wanting steak properly served (5)
24 Member of fraternity taking scholars on (5)

Solution to Puzzle No.7,620

هكذا من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices August 14

Total Sales 13,257,800 shares

MONTREAL

3:00 pm prices August 14

INDICES

NEW YORK

DOW JONES	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3008.72	3001.34	2996.20	3013.86	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	95.49	95.45	95.50	95.49	95.50 (9/8)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1211.39	1214.39	1215.09	1221.79	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.24	203.18	203.18	204.06	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3041.14 (3013.42) Low 2989.27 (2974.06)

STANDARD AND POOR'S	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	389.62	388.02	387.12	389.32	390.62 (6/8)	311.49 (9/1)	390.62 (6/8/91)	4.40 (1/6/32)
Industrials	462.75	461.22	461.09	463.92	465.60 (6/8)	364.90 (9/1)	465.60 (6/8/91)	3.62 (21/6/32)
Financial	32.07	31.50	30.82	30.95	32.07 (13/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.36	212.53	212.17	213.23	213.75 (7/8)	170.97 (9/1)	213.75 (7/8/91)	4.46 (25/4/42)
Amex Mkt. Value	367.65	366.31	365.98	366.59	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	514.40	510.00	508.31	509.39	514.40 (13/8)	355.75 (14/1)	514.40 (13/8/91)	54.87 (31/10/72)

	Aug 9	Aug 2	Jul 26	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.07	3.10	3.98

	Aug 7	Jul 31	Jul 24	year ago (approx.)
S & P Industrial div. yield	2.68	2.70	2.77	2.94
S & P Indl. P/E ratio	19.62	19.50	19.02	16.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Sec Pacific	9,108,000	35½	+ ¾
BankAmerica	5,934,000	43¾	+ ¾
Pan Am Corp	5,651,500	⅞	+ ⅛
Am T & T	3,519,100	38⅞	- ⅛
Fst Intr A	3,517,300	1⅞	+ ⅛
Telefonos	2,590,900	30⅞	+ ⅛
Glaxo Hlds	2,528,600	45¼	+ 1½
NCNB Corp	2,441,400	38¾	+ 1⅞
East Kodak	2,413,500	43¾	+ ¼
C & S	2,355,700	30⅛	+ 1⅜

TRADING ACTIVITY

† Volume (Millions)	Aug 13	Aug 12	Aug 9
New York SE	211.890	145.280	144.698
Amex	11.403	9.323	10.263
NASDAQ	166.815	114.074	140.777
NYSE			
Issues Traded	2,074	2,071	2,072
Rises	921	761	694
Falls	681	753	865
Unchanged	472	557	513
New Highs	142	95	90
New Lows	9	21	11

CANADA

TORONTO	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW
Metals & Minerals	3107.47	3091.71	3114.58	3146.71	3299.99 (18/7)	2632.06 (9/1)
Composite	3524.23	3495.38	3502.77	3514.65	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1866.25	1842.98	1847.05	1854.23	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 14	Aug 13	Aug 12	Aug 9	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1562.1	1553.9	1565.7	1584.1	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	678.6	683.6	688.7	698.1	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	459.81	458.56	458.76	461.75	534.81 (16/4)	398.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1142.52	1140.61	1142.53	1148.67	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	376.93	376.62	376.46	377.12	380.84 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	988.6	992.1	1000.0	1001.3	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	475.07	470.77	469.81	470.59	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1820.31	1808.84	1780.38	1783.54	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	680.37	680.83	675.89	677.37	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1922.1	1920.1	1906.4	1913.4	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1650.19	1644.72	1626.06	1652.21	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4079.01	4052.70	4070.14	4024.01	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1422.66	1408.66	1407.64	1411.75	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	562.45	562.82	564.66	566.92	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23393.30	22872.00	22985.67	23434.62	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1789.54	1766.85	1776.17	1804.81	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2936.76	2939.26	2973.61	3016.03	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	569.58	559.57	558.10	565.43	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	279.5	279.6	278.4	279.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.0	199.1	198.3	198.7	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	789.49	781.30	772.52	776.87	792.13 (4/6)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	936.98	945.95	968.86	975.37	1183.40 (29/5)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	389.28	387.27	390.58	(c)	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1299.0§	1265.0	1287.0	1285.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4167.0§	4142.0	4120.0	4107.0	4167.0 (14/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	693.12	709.67	706.06	745.13	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	271.29	270.91	270.11	270.18	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1105.30	1098.50	1092.90	1096.20	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	762.4	759.0	757.6	760.0	767.2 (16/7)	590.4 (16/1)
SBC General (1/4/87)	635.0	632.4	631.5	633.0	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5089.95	5104.43	5157.66	5142.60	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	689.87	689.76	(c)	702.92	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	504.8*	502.3	501.5	503.9	529.2 (17/4)	439.1 (16/1)

**Saturday August 10: Taiwan Weighted Price: 5207.01 Korea Comp Ex. 741.58.
*Calculated at 15.00 GMT.
§ Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday, August 14 1991

	Stocks Traded	Closing Prices	Change on day
M'bishi Mat'l	6.3m	569	+19
Nippon Carbon	4.3m	1,060	+60
Nippon Steel	3.8m	402	+3
M'bishi Heavy	3.6m	692	+3
Chiyoda Corp	2.9m	1,820	+90
Showa Shell S	2.6m	1,700	+60
Hitachi	2.5m	1,100	+10
Nippon Mining	2.5m	538	+16
Kobe Steel	2.3m	485	+7
M'bishi Oil	2.3m	1,060	+60

3:15 pm prices August 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16 7/8	9 1/4	AAR Corp	0.48	0.03	17	110	u16 7/8	16 5/8	16 5/8	-1/8
18 3/4	14 1/2	A L Labs A	0.16	0.01	19	45	17 7/8	17 5/8	17 3/4	-1/4
55 3/4	40 7/8	AMP Inc	1.44	0.03	19	1090	51 7/8	51 1/2	51 1/2	+1/4
68 5/8	44 1/4	AMR			11	3903	62 5/8	60 1/4	60 3/8	-2 1/4
2 5/8	1 1/4	ARX			1	3	1 3/8	1 3/8	1 3/8	
56	41 1/2	ASA	3.00	0.06	14	798	50	49 1/2	50	+1/2
55 1/4	39 1/4	Abbott Lab	1.00	0.02	22	2881	54 3/8	54	54	
14 1/2	9 3/4	Abitibi Pr	0.50	0.04	26	112	14 1/8	14 1/8	14 1/8	
11 5/8	10 3/8	ACM Gvt In x	1.26	0.11		589	11 1/8	11 1/8	11 1/8	
9 3/8	8 3/8	ACM GvOpp x	1.01	0.11		86	9 3/8	9 1/4	9 1/4	
9 1/4	8 5/8	ACM Gvt Sp x	1.01	0.11		205	9 1/8	9	9 1/8	+1/8
11	9 7/8	ACM Gvt Se	1.26	0.12		446	10 5/8	10 1/2	10 1/2	-1/8
8 1/2	7 5/8	ACM Man x	1.01	0.12		467	8 1/4	8 1/8	8 1/4	+1/8
12 7/8	11 1/2	ACM Managd x	1.35	0.11		97	12 3/8	12 1/4	12 3/8	
7 1/2	4 3/4	Acme Cleve	0.40	0.06	17	49	6 7/8	6 5/8	6 5/8	-1/4
6	3 1/2	Acme Elect			38	z100	3 3/4	3 3/4	3 7/8	
40	22 3/4	Acuson			21	1348	32 5/8	31 7/8	32	-3/4
18 3/4	14 1/4	Adams Exp x	0.48	0.03	0	113	18 3/8	18 1/4	18 1/4	
20 1/8	17 1/2	Adobe12Pf	2.40	0.13		20	18	17 7/8	18	+1/4
9 1/4	6 3/4	Adobe Res			20	12	6 7/8	6 7/8	7	
36 3/8	18	Ad Micro				11	35 1/4	35	35 1/4	+1/8
14 1/4	4 5/8	Ad Micro P	3.00	0.26	18	2809	11 3/8	11 1/2	11 1/2	+1/8
5 1/8	2 1/4	Advest Grp	0.16	0.05	5	18	3 1/2	3 3/8	3 3/8	-1/4
49 1/8	33 7/8	Aetna Lf	2.76	0.07	7	3218	38 1/4	37 3/4	37 3/4	
10 5/8	6 5/8	Affil A x	0.24	0.03	46	384	8 1/4	8 1/4	8 3/8	+1/4
20 1/4	12	Ahmanson x	0.88	0.04	12	3644	u20 3/8	20	20 1/8	+3/8
12 3/4	2 3/4	Aileen Inc			15	793	11 7/8	11 5/8	11 1/2	+1/8
74 1/8	51 3/8	Air Pr Chm	1.56	0.02	14	2558	66	64 5/8	65 1/2	+7/8
[illegible]										

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
21⅛	14⅛	Xtra 1 94				21	21⅛	20⅝	20⅞	
24⅞	14¼	Xtra Corp x	0.72	0.03	76	3	22⅞	22⅛	22⅞	-⅛
24¼	21¾	Yankee Egy	1.80	0.07	11	28	23½	23⅜	23⅜	-⅛
1½	⅝	Zapata			2	42	⅞	1⅜	1⅜	
9⅞	5⅞	ZenithElec			1	436	6	d5⅞	6⅞	
18½	12	Zenith Nat	1.00	0.06	101	7	17	17	17¼	
6¼	4½	Zenix Inc	0.84	0.14		24	6	5⅞	6	+⅛
15⅛	10⅞	Zero Corp x	0.40	0.03	16	45	14½	14¼	14¼	-¼
41⅜	29½	Zurn Ind	0.88	0.02	16	55	39¼	39	39	-⅛
13½	10¼	Zweig Fund	1.12	0.09		147	12¾	12⅝	12¾	+⅛
10	8½	Zweig Tod x	0.96	0.10		566	u10	9⅞	10	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high v-trading halted vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 14

[illegible]

NASDAQ NATIONAL MARKET

3:00 pm prices August 14

[illegible]

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		36	1092	29	28½	28½	+¼
XL Data		36	1501	12¼	12	12	
Xoma Corp		10	2068	19½	18¾	19	+¼
Yellow Fr	0.94	16	324	30	29⅞	29⅞	-⅛
York Rsch		6	984	6⅛	6⅞	6⅝	
ZionsUtah	1.44	10	84	u49	47½	47½	-½

AMERICA

Dow lifted by consumer price data and firm bonds

Wall Street

SHARE PRICES rose yesterday morning in active trading, buoyed up by good inflation news and a firm bond market, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 10.29 at 3,019.01. The more broadly based Standard & Poor's 500 was also firmer, up 1.98 at 391.60, while the Nasdaq composite of over-the-counter stocks climbed to another record, rising 3.19 to 517.59. Trading was heavy for the second day running, with volume reaching 119m shares by 1 pm.

The day got off to a good start after the Labor Department announced that consumer price inflation had risen 0.2 per cent during July. The figure (and the 0.4 per cent rise in core consumer inflation, which excludes energy and food prices) was slightly better than expected, and heightened speculation that the Federal Reserve would cut interest rates again soon.

With analysts predicting that annual consumer inflation of only 3.5 per cent by the end of the year, there appears to be plenty of room for the Fed to ease monetary policy without fear of stoking the inflationary fires.

Among individual stocks, Manufacturers Hanover, which is in the process of merging with Chemical Bank, rose $1⅛ to $33 after announcing that it was in talks with a unit of State Street Boston concerning the possible sale of Manny Hanny's Tokyo trust business. State Street shares edged $¼ higher to $49¾.

Reebok climbed $1⅜ to $31⅞ in heavy trading, benefiting from a growing belief that sales at the sports shoe retailer have held up well in recent months. In particular, analysts say that a new line of Blacktop athletic shoes has been well received, helping to maintain a strong upward trend in earnings.

Furr's/Bishop's, a company that operates cafeterias, dropped $1⅛ to $2 after it warned that it would probably not pay a third quarter dividend on its convertible preferred stock, and consequently might not be able to buy back stock at $4 a share under its current self-tender offer.

Lotus Development jumped $2⅞ to $36¾ on volume of 2m shares after analysts at Goldman Sachs and Cowan & Co made positive comments on the stock, citing the impending release of new software. Lotus was also aided by the successful debut yesterday of Sybase, a software products and services company in which it owns 17 per cent. Sybase, offered at $13.50, traded at $18 on volume of 3.2m shares.

Applied Materials fell sharply early on, before recovering to stand down $½ at $26¾ at midsession. The stock was undermined by a drop in fiscal third quarter income and a warning from the company that the next few quarters would be difficult.

Canada

TORONTO stocks rose in moderate midday trading. The composite index was up 29.02 at 2,818.70 on volume of 15.7m shares. Advances led declines by 239 to 180, with 235 issues unchanged. Banking and gold shares were higher but metal and mining shares were lower.

The Bank of Novia Scotia was the most active stock, rising C$½ to C$44½ as 985,000 shares changed hands.

Laidlaw B shares were also heavily traded, gaining C$½ to C$14¼ on volume of 633,106. American Barrick was up C$⅞ at C$27¾ and Crestbrook Forest Industries rose C$¾ to C$16½.

SOUTH AFRICA

DEMAND FOR quality industrials lifted the sector's index by 25 to 4,167, yet another record high. But the gold index fell 6 to 1,259 on a renewed, platinum-led slide in bullion prices. The overall index added 9 to 3,515.

Brazil declines as inflation rises

By Victoria Griffith in Rio de Janeiro

THE BRAZILIAN stock market fell this week on fears of another drastic plan to bring inflation under control. The São Paulo stock index dropped 7 per cent during Monday and Tuesday to 16,240, on growing pessimism about the economy.

The necessity of yet another "economic shock" is growing, as prices continue to surge. Inflation reached 11.3 per cent in July, the highest level since March, and economists warn that inflation will soon spiral upwards. "Inflation will exceed 20 per cent by the end of the year," said Mr Fabricio Oliveira, head of economics at the University of Campinas.

Price rises are being fuelled by the government's return to the cruzados novos currency, which had been replaced by cruzeiros as part of last year's measures to fight inflation. Today the government will hand back $1.7bn in cruzados, the first of 13 instalments totalling $26bn.

The sharp rise in interest rates this week added to the downward pressure on share prices. Interest rates have surged to 500 per cent a year, the highest since President Fernando Collor de Mello took office last year. The government is raising interest rates in an attempt to attract some of the cruzados into savings and government bonds, and so curb consumer spending.

The release of the cruzados may provide some temporary relief for the stock market, which is likely to receive a small portion of the money. The stock market index was up 3.4 per cent at 16,800 at midsession yesterday, in anticipation of an inflow of funds, on reasonable turnover of Cr7.9bn.

However, Mr Alvaro Vidigal, president of the São Paulo exchange, said that the trend was down: "We are entering a very bad phase. I am not optimistic about the second half."

Yugoslavia dashes Austria's eastern hopes

Judy Dempsey explains how geographical location is no longer helping the bourse

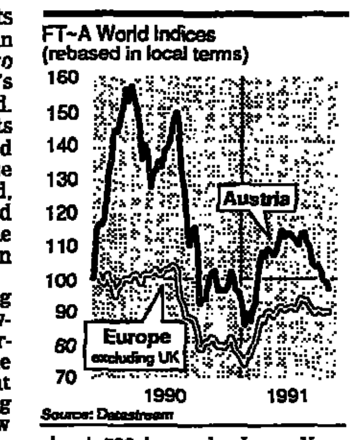
WHEN the communists fell from power in eastern Europe two years ago, traders at Vienna's stock exchange were delighted. Austria's close proximity to its eastern neighbours would finally bear fruit, as these economies would be reformed, and foreign investors would use Austria as a gateway to the untapped markets of eastern Europe.

Alas, as traders are finding out, geography has its drawbacks. The crisis in neighbouring Yugoslavia has affected the Vienna bourse so much that foreign investors are looking elsewhere to invest. Few believe the exchange will recover after the summer holidays.

Austria shares its southern borders with Yugoslavia. When fighting broke out between the Yugoslav federal army and Slovenia on June 26, the effect on the Vienna exchange was immediate.

On April 16 the Vienna bourse index had reached a 1991 high of 596.05, slipping to about 586 by early June. Yesterday, it closed at 516.72, a fall of 13.3 per cent from its year's peak and 17.1 per cent lower than at the same time last year, when the index stood at 623.62.

FT-A World Indices
(rebased in local terms)



Source: Datastream

The bourse has gained 2 per cent so far this year in local currency terms, according to the FT-Actuaries World Indices, well below the rise of 16.4 per cent for Europe excluding the UK. In the current quarter, Austria has dropped 5.6 per cent, compared with a gain of 0.3 per cent for continental Europe.

The average daily turnover in Vienna so far this August is about Sch300m ($24.6m), a significant fall from August 1990, when the daily turnover was Sch1.5bn.

Mr Christian Gutlederer, a senior official at the Vienna bourse, says: "You cannot imagine the impact the Yugoslav crisis has had on the exchange. Foreign investors who, in any case, were slowly drawing away from the exchange, are now staying away completely."

Although the fighting in the republic of Slovenia, which borders with Austria, has stopped, Viennese traders say there is little prospect of institutional foreign investors returning in large numbers.

"The problem is the international perception of Austria's geographical position *vis-à-vis* Yugoslavia," says Mr Marko Muselin, head of the securities department at Creditanstalt, Austria's largest bank.

"The Austrian banks do not have a high exposure to Yugoslavia. About 2 per cent of our total foreign trade is with Yugoslavia. But if the fighting between Serbs and Croats escalates, and if there are problems on the Hungarian borders, then the repercussions will be very serious for us. Foreigners want stability," he explains.

Fears of higher interest rates are another reason why foreign and domestic investors are staying firmly on the sidelines. The unity of the two Germanys was a welcome fillip for Austrian industry, as well as for the bourse. Germany accounts for 35 per cent of Austria's exports and 43 per cent of its imports; the Austrian schilling is tied to the D-Mark. If the German Bundesbank decides to raise interest rates at its council meeting today, it would put pressure on the Austrian National Bank to follow suit.

For now, Mrs Maria Schaumayr, president of the Austrian National Bank, has indicated that she will raise interest rates by only half the German increase.

Some unsuccessful flotations have also contributed to the lack of confidence on the Vienna bourse. Tiroler Loden, which specialises in traditional-style fashions, was listed on the exchange in late 1987. A quarter of the shares – or Sch150m – were offered to the public, the remainder to institutions. Last month, trading was suspended and the company has filed for bankruptcy.

But in spite of the gloomy news in Vienna, compounded by a downward revision of gross domestic product from 3.5 per cent to 2.5 per cent for this year, traders believe the market is reaching a floor. "Quite honestly, the index was far too high," says Mr Muselin, adding that he expects it to stabilise around the 500 level.

EUROPE

Corporate disappointments erase Dutch gains

COMPANY FORECASTS and results weighed down Amsterdam yesterday, as other bourses remained preoccupied with today's meeting of the Bundesbank. Several markets are shut today for Assumption Day, *writes Our Markets Staff.*

AMSTERDAM lost its early gains on a disappointing profit statement from Hoogovens, the steel company, and poor interim results from Hunter Douglas, the window blinds manufacturer. The CBS tendency index closed 0.2 lower at 92.0, having been as high as 92.6 at midsession.

Hoogovens closed Fl 2 down at Fl 58.80. Its half-year result – a plunge in net profits to Fl 55m from Fl 155m – was better than market forecasts, but the shares fell on the news that Hoogovens expected only to break even in the second half.

Hunter Douglas closed Fl 6.50 or 8 per cent down at Fl 74.90, having lost 11 per cent earlier in the day. Late on Tuesday, it announced a 40 per cent fall in first-half net profits to Fl 41.6m. The unexpectedly bad results, after the company had raised investors' hopes of a good half-year result in May, were expected to prompt analysts to downgrade their full-year forecasts.

FRANKFURT continued to rise on hopes that the Bundesbank would finally raise interest rates today. The DAX index ended 5.47 higher at 1,650.19, while the FAZ index, calculated at midsession, eased 0.46 to 680.37. Volume rose to DM5.29bn from DM5.03bn.

Second-liners were in the limelight. In a firm building sector, Philipp Holzmann rose DM35 to DM1,375 and Hochtief added DM29 to DM1,354.

Among retailers, Kaufhof jumped DM19 to DM499 and Karstadt gained DM16.50 to DM617.50, helped by indications that the summer sales had gone well and by the strong first-half sales from Karstadt on Tuesday.

FT-SE Eurotrack 100 - Aug 14

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1116.76	1116.44	1115.64	1116.09	1116.92	1118.86	1119.06	1118.18

Day's High 1119.60 Day's Low 1115.13

Aug 13	Aug 12	Aug 9	Aug 8	Aug 7
1113.47	1107.42	1110.85	1111.44	1113.11

Base value 1000 (26/10/90)

PARIS ended at the day's high in moderate trading, on hopes that the uncertainty over German interest rates would disappear today. The CAC 40 index gained 11.47 to 1,820.31, a two-month high, in turnover of about FFr1.9bn after Tuesday's FFr1.94bn. The bourse is closed today and tomorrow.

The car sector continued to attract demand. Peugeot, helped on Tuesday by the company's encouraging remarks on the second half, gained another FFr10 to FFr623 on volume of 222,100 shares, worth FFr137m. Michelin, the tyremaker, added 50 centimes to FFr115.50 on 324,950 shares.

BSN, the food group, slipped FFr2 to FFr897 on the day's second best turnover of FFr103m. Volume of 114,580 shares was swelled by two large block trades, of 50,000 shares at FFr900 each and of 20,000 at FFr899.

MILAN was supported by professionals closing their short positions at the end of the August account. The Comit index eased just 0.37 to 562.45. Volume was estimated at close to Tuesday's L89bn, relatively low for the last day of a trading account. The bourse is closed today and tomorrow.

The new account begins on Monday with the quotation of Germany's Volkswagen and Bayer, the first two foreign stocks to be listed in Italy.

ZURICH followed Frankfurt higher, with the Crédit Suisse index rising 1.3 to 547.3. In the chemical sector, Ciba-Geigy's bearer shares gained SFr50 to SFr2,980.

Swissair's bearers fell SFr5 to SFr760 after the airline announced a cut of 420 jobs by 1993.

STOCKHOLM was encouraged by gains in London, Paris and Frankfurt. The Affärsvärlden General index rose 6.8 to 1,105.30 in turnover of SKr444m, up from SKr262m. Electrolux was steady at SKr260, ahead of its its interim results tomorrow.

COPENHAGEN edged higher, with market attention fixed on Novo Nordisk, the pharmaceuticals group. Novo gained DKr7 to DKr477 after announcing its first-half results. The bourse index added 0.31 to 376.93.

OSLO moved mostly higher, on domestic and foreign buying. The all-share index added 4.98 to 522.13 in good turnover of NKr379m, but the bank sector index fell 0.60 to 62.99 as Den norske Bank shed NKr2 to NKr61.

MADRID's general index edged higher, adding 0.38 to 271.29. Turnover was light at about Pta6bn, down from Pta8bn.

ASIA PACIFIC

Nikkei rebounds 2.3% on rate optimism

Tokyo

SHARE PRICES rebounded across the board yesterday, after four consecutive daily losses, on optimism that lower interest rates were not far off, *writes Neil Weinberg in Tokyo.*

The Nikkei average opened at the day's low of 23,903.30 and rose steadily to finish at the day's high of 23,393.30, up 521.30 or 2.3 per cent. Volume picked up modestly from 180m to 214m shares, passing the 200m level for the first time in nine sessions. Advances led declines by 700 to 239, with 142 issues unchanged.

The Topix index of all first section shares climbed 22.69 to 1,789.54, but the second section shed 2.50 to 2,936.76. In London the ISE/Nikkei 50 index lost 3.02 to 1,369.10.

Prices received a boost at the opening from program buying connected with stock index arbitrage, and were then supported by strong bonds and bond futures. Rumours that a Bank of Japan meeting on September 2 could produce a reduction in the official discount rate triggered further demand, a dealer said.

The broadly based advance included 35 of the 36 industrial sectors, with telecommunications the only loser, mostly owing to a loss in the heavily weighted Nippon Television of Y100 to Y23,700.

Interest rate-sensitive stocks fared well, including electric power utilities, real estate, financial institutions, paper and pulp and high-technology shares. Kansai Electric rose Y80 to Y2,810, Nomura Y60 to Y1,710 and Sony Y70 to Y6,000.

The oil sector rose sharply on earnings prospects. Mitsubishi Oil appreciated Y60 to Y1,080 and Showa Shell Sekiyu Y80 to Y1,760.

Issues popular with speculators were active, with Nippon Carbon up Y60 at Y1,050 and Chiyoda Corp Y90 at Y1,820.

The share prices of the three banks that suffered on Tuesday, because of their connections to the Toyo Shinkin loan scandal, rebounded, along with other banking shares. This was possibly on support from the banks themselves or their leading shareholders. Dai-Ichi Kangyo rose Y100 to Y2,390, Sanwa Y60 to Y2,300 and Industrial Bank of Japan Y10 to Y3,450.

Although the cash market was strong in the last hour of trading, the futures market retreated sharply. Traders feared that this could lead to a lower opening in the cash market today.

In Osaka, the OSE index moved forward 211.13 to 24,923.86 on volume of 16.5m shares. Nintendo rallied Y500 to Y11,500 on bargain hunting.

Roundup

THE RISE in Tokyo encouraged several Pacific Rim markets yesterday, but others were more concerned with their domestic economies.

HONG KONG reached its second all-time high in a week, on renewed enthusiasm for the property sector. The Hang Seng index added 26.31 at 4,079.01. Turnover expanded to HK$1.4bn from HK$931m.

Hongkong Bank was the most traded stock, but it closed unchanged after gaining 45 cents earlier in the day.

SINGAPORE firmed in moderate trading on bargain hunting following recent declines. The Straits Times Industrial index gained 9.86 to 1,434.07, the day's high. Volume was little changed at 45m shares.

KUALA LUMPUR, after falling on Tuesday, rallied over a broad front as bargain hunters emerged. The composite index put on 10.01 to 569.58. Volume was 27m shares, against 28m.

SEOUL suffered a steep decline in light dealings, reacting to a rise in bond yields and the government's upward revision of its trade deficit forecast for this year. The composite index dropped 16.55 or 2.3 per cent to 693.12. Turnover shrank to Won317bn from Won390bn.

AUSTRALIA fell for the third day in a row, the All Ordinaries index slipping 1.9 to 1,552.1. Turnover was steady at A$209m. Investors were hesitant to act before the announcement of GDP figures today and the Federal Budget next Tuesday, when trading will be extended by 30 minutes.

BOMBAY rose to its second record high in as many days, led by export-related stocks. The BSE index added 18.39 or 1.1 per cent at 1,705.63.

MANILA eased in nervous trading, amid talk of a coup attempt and the potential rejection by the US of its bases treaty. The composite index dipped 8.97 to 936.98 in turnover of 88m pesos, after 85.5m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 13 1991								MONDAY AUGUST 12 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	147.39	−0.8	129.07	127.18	132.61	125.19	−0.7	5.14	148.62	129.77	128.23	133.29	126.13	151.58	112.74	148.52
Austria (20)	172.57	+0.3	151.12	148.90	155.26	154.98	+0.1	1.83	172.00	150.18	148.41	154.25	154.90	222.37	167.00	244.68
Belgium (47)	130.50	−0.1	114.28	112.59	117.40	114.89	−0.1	5.15	130.58	114.02	112.66	117.11	114.96	151.20	121.73	146.98
Canada (114)	139.29	+0.8	121.98	120.18	125.30	115.58	+0.8	3.28	138.18	120.65	119.22	123.92	114.72	142.27	126.49	138.98
Denmark (37)	255.54	−0.2	223.78	220.49	229.90	232.95	+0.1	1.52	255.98	223.51	220.87	229.57	232.65	270.56	217.74	269.65
Finland (16)	100.41	+0.0	87.93	86.64	90.34	88.49	−0.1	2.72	100.43	87.69	86.66	90.07	88.56	125.15	90.00	135.32
France (109)	133.07	+0.7	116.53	114.81	119.71	123.00	+1.1	3.61	132.15	115.38	114.02	118.50	121.63	152.26	120.60	144.32
Germany (65)	108.79	+0.3	95.27	93.86	97.88	97.88	+0.7	2.30	108.43	94.68	93.57	97.24	97.24	125.35	102.03	129.82
Hong Kong (55)	168.63	−0.4	147.68	145.50	151.72	168.14	−0.4	4.15	169.23	147.76	146.02	151.78	168.79	169.57	119.62	125.86
Ireland (18)	152.55	−0.5	133.59	131.62	137.24	139.35	+0.1	3.59	153.24	133.80	132.22	137.43	139.26	182.46	132.88	172.59
Italy (77)	73.39	−0.9	64.27	63.32	66.02	71.15	−0.4	3.28	74.02	64.63	63.86	66.38	71.42	88.23	69.69	96.60
Japan (474)	127.13	−0.4	111.33	109.70	114.40	109.70	−0.4	0.77	127.69	111.49	110.17	114.53	110.17	146.97	118.35	128.26
Malaysia (68)	210.14	−0.4	184.02	181.31	189.05	224.58	−0.5	2.95	211.06	184.29	182.11	189.28	225.86	247.78	192.83	220.94
Mexico (16)	1095.56	−0.5	959.40	945.29	985.66	3612.05	−0.5	1.50	1100.83	961.18	949.84	987.25	3629.42	1152.58	534.45	551.49
Netherland (31)	138.82	+0.0	121.57	119.78	124.90	123.71	+0.4	4.33	138.82	121.21	119.76	124.50	123.20	145.73	125.70	141.37
New Zealand (14)	46.32	−1.3	40.57	39.97	41.68	42.84	−1.7	7.10	46.94	40.98	40.50	42.10	43.57	54.64	41.18	63.26
Norway (32)	202.46	+0.6	177.30	174.69	182.15	186.04	+0.9	1.58	201.19	175.67	173.60	180.44	184.46	223.24	182.24	267.61
Singapore (38)	192.52	−0.9	168.59	166.12	173.20	152.69	−1.0	2.25	194.29	169.64	167.64	174.24	154.18	208.25	151.63	175.49
South Africa (61)	250.44	+2.5	219.32	216.08	225.31	175.74	+0.1	3.09	244.25	213.26	210.74	219.04	175.61	258.85	173.00	211.93
Spain (54)	149.51	−0.1	130.93	129.00	134.51	122.95	+0.4	4.36	149.61	130.63	129.10	134.18	122.47	171.12	131.51	161.06
Sweden (25)	188.19	−0.2	164.80	162.38	169.31	175.37	+0.1	2.53	188.60	164.68	162.74	169.15	175.27	204.12	146.60	215.22
Switzerland (58)	93.49	−0.2	81.87	80.67	84.12	87.78	+0.1	2.19	93.63	81.75	80.79	83.98	87.65	100.67	82.17	99.98
United Kingdom (240)	174.82	+0.3	153.09	150.82	157.26	153.09	+0.6	4.79	174.28	152.17	150.36	156.29	152.17	187.44	156.27	170.29
USA (527)	158.15	+0.4	138.50	136.47	142.29	158.15	+0.4	3.07	157.52	137.54	135.92	141.27	157.52	158.31	125.95	136.90
Europe (829)	138.05	+0.2	120.89	119.12	124.21	123.17	+0.5	3.87	137.78	120.30	118.88	123.57	122.53	151.52	125.50	147.06
Nordic (110)	186.89	−0.1	163.66	161.25	168.14	165.58	+0.2	1.96	187.05	163.32	161.39	167.75	165.28	200.81	155.55	212.45
Pacific Basin (718)	128.71	−0.5	112.71	111.06	115.80	111.57	−0.5	1.13	129.30	112.90	111.57	115.96	112.08	145.92	117.86	128.87
Euro−Pacific (1547)	132.74	−0.2	116.24	114.53	119.42	116.94	−0.1	2.26	132.99	116.12	114.74	119.26	117.01	147.66	121.29	136.63
North America (641)	156.91	+0.4	137.41	135.40	141.19	155.27	+0.4	3.08	156.25	136.43	134.83	140.15	154.63	157.08	125.91	136.93
Europe Ex. UK (589)	116.18	+0.1	101.74	100.27	104.55	105.95	+0.5	3.17	116.05	101.33	100.16	104.10	105.46	129.80	106.85	132.05
Pacific Ex. Japan (244)	144.35	−0.6	126.41	124.57	129.88	128.42	−0.7	4.39	145.29	126.86	125.39	130.32	129.26	147.60	111.40	135.15
World Ex. US (1738)	134.77	−0.1	118.02	116.29	121.26	118.41	+0.0	2.31	134.91	117.79	116.41	120.99	118.44	148.16	122.32	137.67
World Ex. UK (2025)	138.48	+0.1	121.27	119.50	124.60	128.60	+0.1	2.34	138.40	120.84	119.42	124.13	128.50	145.77	120.06	133.00
World Ex. So. Af. (2204)	140.92	+0.1	123.41	121.61	126.80	130.52	+0.1	2.59	140.85	122.98	121.54	126.32	130.34	148.66	122.92	135.86
World Ex. Japan (1791)	150.69	+0.3	131.96	130.03	135.59	142.61	+0.4	3.41	150.20	131.15	129.61	134.72	142.06	152.83	126.69	141.85
The World Index (2265)	141.65	+0.1	124.04	122.32	127.45	130.91	+0.1	2.59	141.52	123.57	122.12	126.93	130.74	149.01	123.28	136.32

Latest prices were unavailable for this edition.

BUSINESS LAW

Europeans run up against US laws

By Joseph Flom

BANKING and insurance companies in the European Community are rapidly consolidating across industry lines. At the same time, a number of European insurance companies have been expanding through acquisitions of American insurers. However, as a result of incompatible regulatory systems and industry structures, these activities could be severely limited.

A big difficulty is created by the American system of banking regulation. US prohibitions on affiliations between American banks and insurance companies are also applied to European and other foreign banks operating in America.

This applies even if the American banking and insurance operations of a foreign bank are in practice entirely independent of one another.

Thus, if a European bank and its prospective European insurance company partner both have operations in the US, a merger or acquisition will generally result in the combined entity being required to discontinue one of the businesses.

European financial services companies which engage in inter-industry mergers or acquisitions in Europe may thereby sacrifice the ability to expand into the US.

The US banking regulatory system seeks to maintain a separation between banking and commerce. This is based on the premise that commercial credit will be allocated more fairly or efficiently if banks are not permitted to favour their commercial affiliates and that prohibiting banks from having commercial affiliates will guarantee that result.

It is also based on the premise that restricting certain non-banking financial activities would minimise risks taken by American banks. Accordingly, US banks are generally restricted in the conduct of non-banking activities in their home market, including insurance activities.

The US generally applies to foreign banks a policy of "national treatment", subjecting foreign banks to rules no less favourable than those applied to American banks. At the same time, however, the American regulators go to some lengths to ensure that foreign banks do not gain a "competitive advantage". Foreign banks, therefore, are generally subject to the same limitations as American banks.

In principle, "national treatment" sounds fair, since it is hard to complain about being treated no worse than the locals. In practice, however, the policy can lead to less than even-handed results.

Thus, if the rule against non-banking activities and investments were applied without modification to European banks which own significant interests in a number of large foreign companies with American operations, the banks could be required either to close their American branches or to halt operations by their affiliates in the US.

This result was considered excessive, and therefore the law contains specific exemptions for certain industrial and commercial activities conducted by affiliates of foreign banks in the US which they also conduct elsewhere.

To avoid giving foreign banks a "competitive advantage," however, insurance activities are not so exempted. Accordingly, European and other foreign banks operating in the US generally cannot also conduct a broad American insurance business.

These restrictions have extremely broad scope since they apply not only to a bank and its subsidiaries but also to all of its "affiliates". The latter are defined in terms of common "control" – and under American law a decidedly minority investment can convey such "control".

The banking rules can, therefore, reach minority investments in American companies – or, more seriously, in foreign companies with American operations – which are elsewhere considered routine.

The push will not become a shove until American regulators seek to veto big European mergers and acquisitions. They would rather not do that, and the Federal Reserve Board has at least temporarily defused the situation by granting exemptions on a case-by-case basis to permit the timely completion of predominantly foreign mergers and acquisitions.

In November 1990, for example, NMB Postbank Group received an exemption that allowed its merger with Nationale-Nederlanden despite the fact that NMB has banking operations and Nationale-Nederlanden has insurance operations in the US.

Such exemptions, however, are strictly temporary expedients pending either the receipt of permanent approval to retain permissible businesses or the complete divestiture of activities not permitted.

In granting such a temporary exemption to a foreign bank, the Federal Reserve Board has provided divestiture terms of up to three to four years in the hope that Congress will act to resolve the situation in that time. But there is no assurance that this exemption policy will continue indefinitely.

In Congress's current mood, it may be assumed that foreign banks will not receive any new authority to operate in the US that is not also made available to American banks. Accordingly, the extent to which the US legal system will hinder European plans for consolidation of financial services may therefore depend on whether American banks are themselves permitted to conduct insurance activities in the near future.

Until very recently, the legal barriers between American banks and insurance companies remained high and wide. Recently, however, a US federal appeals court overturned a Federal Reserve Board order prohibiting a subsidiary of a Delaware chartered bank, owned by a bank holding company, from engaging in a broad range of insurance activities permitted by a new (and so far unique) Delaware statute.

This development, unless reversed by the US Supreme Court or legislatively, may allow a non-US company, which might otherwise run foul of American banking laws, to engage in US insurance activities. Congress has in the past reversed attempts to broaden the ability of banks to engage in the business of insurance.

The US Treasury Department has proposed banking reform legislation which, among many other things, would permit a bank and an insurance company to be owned by the same holding company.

However, the proposed legislation now under active consideration in Congress does not incorporate the Treasury's proposal with respect to affiliations of banks and full-service insurance companies.

There is also a fair chance that further restrictions on the sale of insurance by banks will be enacted, thereby legislatively overruling or severely limiting the effect of the recent appeals court decision.

The existing situation raises potential for disagreement between the EC and the US as to whether the American financial services market is sufficiently open to foreign competition. The Americans will claim that they do not discriminate against the Europeans since they merely expect foreign banks and insurance companies to abide by the same rules as apply to US companies.

The Europeans will respond that the Americans are overextending their jurisdiction, and, further, that the effect is protectionist because the rules eliminate potential competitors from the US market and prevent the Europeans from breaking into the market by competing on the basis of their strengths.

Ironically, this last argument is one which the US recently aimed at Japan. Collaterally, such arguments would also heighten focus on the restrictions posed on the activities of US insurance companies by many states where a foreign government or governmental controlled entity owns a significant interest in the insurance company.

Similarly, such arguments could involve questioning whether a single approval for an acquisition by a US entity of an insurance company in the EC should be permitted if the US itself persists in requiring diverse approvals by many states for any such acquisition.

Based on these various arguments, the Europeans could act to limit American banks and insurance companies in the EC to the same businesses that European banks and insurance companies are permitted to conduct in the US. The Americans could then respond to the Community's failure to provide "national treatment" and the Europeans could in turn react to the Americans' failure to provide them with "national treatment".

In such a contest, of course, everyone loses. That is why, for those in the financial services sector, both Europeans and Americans should be more than commonly concerned with how the American banking authorities and Congress address the issues raised by the cross-industry consolidation in the EC.

The author is the senior partner of the New York-based international law firm Skadden Arps Slate Meagher & Flom.